National Defence | Défense nationale

DEPARTMENT OF NATIONAL DEFENCE

DEPARTMENTAL PERFORMANCE REPORT 2009-10

Part III - Estimates

Canada

Hyperlink Notice

The Department of National Defence Departmental Performance Report contains links to third party sites (which appear underlined, and written-out in the endnotes section). The Department of National Defence provides these links only as a service and convenience. We take no responsibility for the content at third party sites and a link to them in no way implies an endorsement or recommendation of the products, services or information found there.

A third party site may have a privacy policy different from that of the Department of National Defence. The Department of National Defence disclaims all liability with regard to your access to linked web sites. When you link to sites external to the Department of National Defence departmental web site, you do so at your own risk.

The Department of National Defence makes every effort to ensure that our links to third party web sites lead to content that is accessible and available in both official languages. However, that is not always feasible or possible.

TABLE OF CONTENTS

MINISTER'S MESSAGE V

SECTION I: DEPARTMENTAL OVERVIEW 7

INTRODUCTION 7

RAISON D'ÊTRE AND RESPONSIBILITIES 8

STRATEGIC OUTCOMES AND PROGRAM ACTIVITY ARCHITECTURE 9

RISK ANALYSIS 10

PERFORMANCE SUMMARY 10

EXPENDITURE PROFILE 13

VOTED AND STATUTORY ITEMS 15

THE *CANADA FIRST* DEFENCE STRATEGY 16

THE DEFENCE PRIORITIES 16

SECTION II: ANALYSIS OF PROGRAM ACTIVITIES BY STRATEGIC OUTCOMES 18

CANADIANS' CONFIDENCE THAT DEFENCE AND THE CF HAVE RELEVANT AND CREDIBLE CAPACITY TO MEET DEFENCE AND SECURITY COMMITMENTS 19

Program Activity: Generate and Sustain Relevant, Responsive and Effective Combat-Capable Integrated Forces 19

Performance Analysis: 20

Lessons Learned: 29

Benefits for Canadians: 31

SUCCESS IN ASSIGNED MISSIONS IN CONTRIBUTING TO DOMESTIC AND INTERNATIONAL PEACE, SECURITY AND STABILITY 32

Program Activity: Conduct Operations 32

Performance Analysis: 33

Lessons Learned: 37

Benefits for Canadians: 38

GOOD GOVERNANCE, CANADIAN IDENTITY AND INFLUENCE IN THE GLOBAL COMMUNITY 39

Program Activity: Contribute to Canadian Government, Society and the International Community in Accordance with Canadian Interests and Values 39

Performance Analysis: 40

Lessons Learned: 41

Benefits for Canadians: 42

INTERNAL SERVICES 43

Program Activity: Internal Services 43

Performance Analysis: 43

Lessons Learned: 49

Benefits for Canadians: 50

SECTION III: SUPPLEMENTARY INFORMATION 51

FINANCIAL HIGHLIGHTS 51

SUPPLEMENTARY INFORMATION TABLES 54

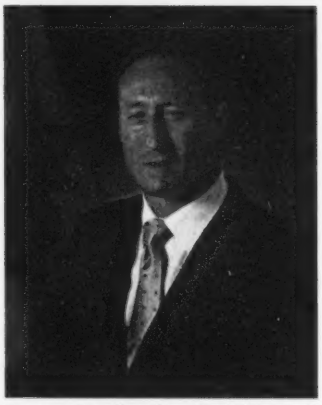
OTHER ITEMS OF INTEREST 54

ACRONYMS 55

CONTACT LISTING 57

ENDNOTES 58

MINISTER'S MESSAGE



As Minister of National Defence, I am pleased to present to Parliament and Canadians the 2009-10 Departmental Performance Report for the Department of National Defence and the Canadian Forces (DND/CF)[1]. Defence's mandate is diverse and complex, and the operational tempo of the last year has been very demanding and one of the highest in recent memory. As a core member of Canada's whole-of-government team, the men and women of the CF and the civilian members of the Defence Team have worked with our partners to address a large variety of domestic and international security challenges including in Afghanistan and Haiti, as well as here at home. This report highlights progress made during the last fiscal year towards achieving our strategic goals and Defence Priorities.

Domestically, the CF delivered excellence at home by: conducting numerous Search and Rescue missions to help Canadians in distress; supporting the RCMP in providing security for the 2010 Winter Olympic and Paralympic Games in Vancouver. In addition, the CF continued to help implement the Government of Canada's Northern Strategy by exercising sovereignty, demonstrating presence and providing support to other government departments and agencies in Canada's North.

In the continental context, the CF remained a strong and reliable defence partner in North America, conducting daily continental operations and ensuring control of our airspace through NORAD. Defence also contributed to the security pillar of the Government's Americas Strategy in the Western Hemisphere by, notably, supporting multinational security efforts for the 5th Summit of the Americas in Trinidad and Tobago this past April.

Internationally, Afghanistan continued to be a significant focus of CF efforts, which included training the Afghan Army and Police as well as providing increased security for governance, reconstruction and development efforts in Kandahar. In addition, the CF projected leadership abroad by joining coalition partners in conducting counter-piracy and counter-terrorism operations in the Gulf of Aden, the Gulf of Oman and the Arabian and Red Seas. The quick deployment of CF personnel to Haiti to provide relief in the aftermath of the tragic earthquake this past January also demonstrated the capacity of our military to meet defence and security commitments abroad. At peak, the maritime, land and air components of Joint Task Force Headquarters comprised about 2,050 personnel divided between Port-au-Prince, Léogâne and Jacmel.

This reporting period was also marked by an economic climate which, more than ever, demands excellence in Defence management. While the Department witnessed a budget increase, it was necessary to implement measures in order to manage effectively and spend responsibly. In conformity with the Government's Management Accountability Framework, Defence consolidated, strengthened, and undertook new measures and approaches to ensure continuous improvements throughout all levels of management. These efforts helped lay the groundwork for the Strategic Review, which was announced in Budget 2010.

The implementation of the Canada First Defence Strategy (CFDS) – a plan to rebuild the CF through balanced investments across the four pillars of personnel, equipment, readiness, and infrastructure –

has contributed to Canada's economic growth. For example, Defence announced a total of $1.8 billion in infrastructure projects, which contributed to the creation of an estimated 4,320 jobs across Canada and supported the Government's overall efforts to strengthen the Canadian economy. At the same time, investments in this pillar are part of the CFDS goal of replacing or refurbishing the Defence infrastructure portfolio.

Procurement projects, such as the contract awarded for 15 new Chinook helicopters, contribute to a first-class, modern, and flexible military, while benefiting the economy in regions across the country. The Industrial and Regional Benefits Policy requires winning contractors to undertake business activities in Canada at 100 per cent of the total contract value. Defence investments of this kind support Canadian industry and create sustained long-term employment for Canadians.

None of these activities would be possible without investment in Defence's most important resource: its people. Significant progress was made in providing support to ill and injured CF personnel, veterans, and their families. We place tremendous importance on supporting the families of those who have made the ultimate sacrifice for Canada since the beginning of the Afghanistan mission. We recognize those who have lost their lives - 143 by the end of the reporting period, and 152 as of August 30th, 2010. Retention and recruitment strategies have been undergoing revitalization, resulting in the successful recruitment of 7,522 Regular Force personnel, as well as a stabilization of attrition levels. Indeed, the CF is approaching the force expansion goals outlined in the CFDS ahead of schedule.

To defend Canada, Defence relies on the dedication and commitment of our integrated Defence Team and we recognize the essential contribution of the civilian members. A number of measures were undertaken in fiscal year 2009-10 to continue building the Defence Team and create and maintain a workplace of choice. For example, Defence contributed to the overall success of Public Service Renewal initiatives by, among others, improving efficiencies in staffing, implementing a new online self-service system to access pension and pay information, and by consolidating partnerships with universities and community organizations to build a stronger Public Service for the future. Our efforts to recruit civilian personnel to support the CF mission resulted in the hiring of over 235 recent graduates from post-secondary education institutions, as well as the placement of hundreds of Canadians into apprenticeship and professional development programs.

I'm proud to lead this institution and I look forward to continuing collaboration with Canadians and Parliamentarians to further strengthen the Department and the CF and to provide unfailing support to our courageous men and women in uniform. Together, our efforts and the investments in personnel, equipment, and infrastructure have increased the CF's overall readiness and flexibility, allowing our military to fulfill the vital roles and missions outlined in CFDS.

You are invited to learn more about Defence by reading this performance report, as well as by exploring our website at: http://www.forces.gc.ca/site/index.asp.

The Honourable Peter MacKay, P.C., M.P.
Minister of National Defence

SECTION I: DEPARTMENTAL OVERVIEW

Introduction

Defence articulated a commitment to Sovereignty, Security and Serving Canada in the Report on Plans and Priorities (RPP) 2009-10. The key focus areas highlighted in this report address the activities we undertook, the challenges we faced, and the results we achieved, in meeting that commitment.

- **Ensuring success in domestic, continental and international operations.** Defence delivered excellence at home by, among other things, conducting numerous Search and Rescue missions to help Canadians in distress; supporting the Royal Canadian Mounted Police (RCMP) to provide security for the 2010 Winter Olympic and Paralympic Games in Vancouver; and demonstrating sovereignty in the Arctic. We worked with our continental partner, the United States (US), to conduct daily operations and we ensured the control of our airspace through the North American Aerospace Defense Command (NORAD). We continued to project a leadership role abroad and in doing so, contributed to international peace and security. We joined our coalition partners in conducting counter-piracy operations in the Gulf of Aden, the Gulf of Oman, the Arabian Sea, and the Red Sea. Our readiness was evidenced in the rapid deployment of resources to Operation HESTIA, where we provided relief to the Haitian people in the aftermath of the devastating earthquake in January 2010. Throughout a reporting period defined by both large-scale planned and unforeseen activities, we continued to support the Government's ongoing objectives in Afghanistan by training the Afghan Army through side-by-side participation in combat operations, and by providing increased security for reconstruction and development efforts in the Kandahar region.

Captain Lyne Poirier of 5 Canadian Mechanized Brigade Group holds an orphaned girl in the aftermath of the earthquake in Haiti.

Photo: Sergeant Bruno Turcotte, Canadian Forces Combat Camera

- **Implementing the *Canada First* Defence Strategy.** During the reporting period, Defence met the level of ambition set out by the Government in the *Canada First* Defence Strategy (CFDS). We carried out activities related to all six different missions outlined in the CFDS, often simultaneously.

  Defence also advanced the long-term strategy to re-build the Canadian Forces across the four pillars of military capabilities – personnel, equipment, readiness and infrastructure. Through the expert leadership, professionalism and sheer dedication of an integrated, motivated and effective Defence Team comprising Regular and Reserve Force members as well as civilians, we increased the number of our personnel, advanced the acquisition and modernization of much needed equipment, and made important investments in science and technology, readiness and infrastructure in support of growing capabilities.

- **Caring for our people**. Defence encountered the same demographic pressures as the rest of the public and private sectors during the reporting period. A significant number of military and civilian personnel have retired and will continue to retire over the next decade. Defence successfully managed personnel capacity constraints while delivering trained forces for operational missions, implementing the CFDS, and addressing the challenges of recruiting

Canadians to fill shortages in military and civilian occupations. Caring for the ill and injured members of the Regular and Reserve Forces and their families has been a priority for the Chief of the Defence Staff. To that end, we developed better care and support services for CF members and their families by establishing Integrated Personnel Support Centres (IPSC) in regions across the country. These units have provided critical support to members and their families to help them cope with both injuries sustained through operations and occupational stress injuries and transition to a healthy, productive lifestyle.

- **Contributing to the security and economic prosperity of Canadian society**. Defence played a key role in supporting the Government's priority to ensure security and to demonstrate Canadian sovereignty of our land and borders. This was accomplished most notably through ongoing surveillance and control operations in the Arctic and in the safeguarding of our air, land and maritime approaches. Our presence and investments in infrastructure projects and acquisition of major equipment and platforms has provided tangible and lasting economic benefits to communities and industries across the country.

Raison d'être and Responsibilities

On behalf of the people of Canada, the CF and the Department of National Defence stand ready to perform three key roles:

- Defend Canada - by delivering excellence at home;
- Defend North America - by being a strong and reliable partner with the United States in the defence of the continent; and
- Contribute to International Peace and Security - by projecting leadership abroad.

The Defence mandate is carried out with the support of a group of related organizations and agencies within the portfolio of the Minister of National Defence. For further details on selected Defence Portfolio organizations, please refer to *Section III: Supplementary Information - Other Items of Interest – Selected Defence Portfolio HR and Financial Resources*.

The *National Defence Act* establishes DND and the CF as separate entities, operating within an integrated National Defence Headquarters, as they pursue their primary responsibility of providing defence for Canada and Canadians. Defence continues to adapt to an evolving strategic global security environment and is prepared to meet emerging non-traditional challenges such as piracy attacks, as well as traditional ones, including global terrorism, weapons proliferation and the enduring threat of regional conflicts emerging around the world. In addition to the global financial situation, these factors will continue to occupy the international agenda and challenge Canada's security and prosperity. For further information on the legislative framework within which Defence operates, please see *Section III: Supplementary Information - Other Items of Interest – Legislative Environment*.

Defence's Departmental Performance Report (DPR) responds to the *Canada First* Defence Strategy commitments articulated by the Government of Canada. The report gives parliamentarians and Canadians a clear perspective on the level of performance Defence achieved to advance key strategic activities, including those activities' attendant human, financial and materiel resources, as identified in the Department's RPP for 2009-10[2].

DPR 2009-10 is based upon the following foundational elements:

- The Defence Program Activity Architecture (PAA), which defines strategic outcomes and program activity areas and provides the planning, management and reporting structure for Defence; and
- The *Canada First* Defence Strategy (CFDS), which mandates specific core missions and capability investments;
- The Defence Priorities for 2009-10, which identify specific commitment areas within Defence to which additional effort and, if required, resources, are allocated to mitigate risks and thus enable the delivery of the Defence mandate.

Strategic Outcomes and Program Activity Architecture

Within Treasury Board Secretariat's Policy on Management, Resources and Results Structures[3] (MRRS) for planning, management and reporting, the Program Activity Architecture[4] (PAA) and associated Strategic Outcomes are Defence's key method of tracking performance. While the PAA inventories activities undertaken by the Department, the Strategic Outcomes indicate the planned benefit stemming from these activities.

For fiscal year 2009-10, Defence's three strategic outcomes, each supported by a single program activity, are:

- Canadians' confidence that Defence and the CF have relevant and credible capacity to meet defence and security commitments;
- Success in assigned missions in contributing to domestic and international peace, security and stability; and
- Good governance, Canadian identity and influence in the global community.

During fiscal year 2009-10, in response to past Management Accountability Framework[5] (MAF) assessments, Defence undertook the development and implementation of a revised PAA framework. This redesigned framework, consisting of five strategic outcomes with 17 associated program activities, enables the Department to tell a more comprehensive performance story while facilitating accountability through the use of clear financial attributions and reporting. Defence introduced this revised framework in its Report on Plans and Priorities 2010-11. An explanation of the transition between PAAs[6] is found in Defence's RPP for 2010-11.

Risk Analysis

A core facet of Defence planning and conduct of operations is the identification and mitigation of risk. The extensive involvement in Afghanistan and other foreign missions, along with the substantial domestic commitments in the Arctic and in support of the 2010 Olympic and Paralympic Games continued to test the Department's capacity. Defence's first-rate achievement of these tasks and the additional, and unexpected, support to Haiti earthquake relief, underscored the Department's flexibility and determination to succeed in the face of a limited operational capability reserve.

Considerable effort is being expended to develop and document the plans and measures to mitigate the key challenges that impact Defence's ability to meet its mission. The following three areas of risk reflect the critical areas of focus, which also have been highlighted in the 2010-11 Defence Priorities:

- **CF Reconstitution**: Plans for withdrawal from Afghanistan, including the redeployment and reconstitution of resources, are being developed, along with the determination of the CF readiness posture post-2011;
- **Defence Team Capacity**: A priority is being placed on achieving the right balance and composition of the Defence workforce, with a strong focus on addressing civilian and military occupations of concern; and
- **Investment Plan Flexibility**: Efforts continue to ensure that there is sufficient flexibility to respond to emerging requirements in a timely fashion and to manage changes to costs over time.

To support the accomplishment of its mandate, Defence continues to develop and implement a strong risk management framework that is being integrated into the departmental resource planning and business management processes. Coupled with performance measurement, the concepts of risk and opportunity are being embedded as key factors to support and influence senior leadership decision-making.

Performance Summary

Table: Financial Resources

Financial Resources ($ thousands) 2009-10			
	Planned Spending	**Total Authorities**	**Actual Spending**
Capital Spending (CS) (included in Departmental Spending)	4,970,665	4,108,136	3,343,432
Departmental Spending (DS)	20,993,001	21,045,387	19,855,670

Source: Assistant Deputy Minister (Finance and Corporate Services) Group

Table: Human Resources

Human Resources Summary (Full-Time Equivalent - FTE)[7] 2009-10			
	Planned	**Actual**	**Difference**
Regular Force	66,992	66,726	(266)
Primary Reserve (Class C)	2,100	2,061	(39)
Total Military	**69,092**	**68,787**	**(305)**
Total Civilian	**28,825**	**28,695**	**(130)**
TOTAL	**97,917**	**97,482**	**(435)**

Sources: Vice-Chief Defence Staff Group, Chief Military Personnel Group, Assistant Deputy Minister (Human Resources – Civilian) Group
Note: Class A and B Reserve Force FTE numbers are calculated using a different methodology, and are not included in this table. Further information on Primary Reserve Expenditures can be found in *Section III: Supplementary Information - Other Items of Interest - Selected Defence Portfolio HR and Financial Resources.*

Tables: Performance Summary

Strategic Outcome:	Canadians' confidence that DND/CF have relevant and credible capacity to meet defence and security commitments	
Performance Indicators	**Targets**	**2009-10 Performance**
Net Growth: Actual versus planned growth of CF	Increase Regular Force to 66,992 *(Threshold: +/- 500)*	Exceeded: Actual 68,132
Civilian Workforce Size: Planned civilian FTEs versus actual	28,825 *(Threshold: Not to exceed plan)*	Met: Actual 28,695

Program Activity		($ thousands) 2008-09 Actual Spending	2009-10 Main Estimates	2009-10 Planned Spending	2009-10 Total Authorities	2009-10 Actual Spending	Alignment to Government of Canada Outcomes
Generate and Sustain Relevant, Responsive and Effective Combat-Capable Integrated Forces	CS	2,763,832	3,705,140	4,395,690	3,594,008	2,802,009	Safe and secure communities
	DS	12,843,275	14,173,282	14,865,806	14,591,532	13,856,488	A strong and mutually beneficial North American partnership

Sources: Vice-Chief of the Defence Staff Group / Assistant Deputy Minister (Finance and Corporate Services) Group
DS: Departmental Spending; CS: Capital Spending (included in Departmental Spending) | Due to rounding, figures may not add up to totals shown.

Strategic Outcome:	Success in assigned missions in contributing to domestic and international peace, security and stability	
Performance Indicators	**Targets**	**2009-10 Performance**
Number of authorized mission positions.	None established	7,632 personnel deployed at least 210 days; 5,171 personnel deployed as of March 31, 2010; 20,164 total personnel deployed
Average reaction time for Search and Rescue (SAR) requests	100% of missions launched within established time standards	Mostly Met: Actual 96.8% launched within established thresholds

Program Activity		($ thousands) 2008-09 Actual Spending	2009-10 Main Estimates	2009-10 Planned Spending	2009-10 Total Authorities	2009-10 Actual Spending	Alignment to Government of Canada Outcomes
Conduct Operations	CS	417,488	437,523	445,223	403,091	438,247	Safe and secure communities A safe and secure world through international cooperation
	DS	3,008,015	2,670,678	3,702,818	3,872,404	3,914,475	A strong and mutually beneficial North American partnership

Sources: Vice-Chief of the Defence Staff Group / Assistant Deputy Minister (Finance and Corporate Services) Group
DS: Departmental Spending; CS: Capital Spending (included in Departmental Spending) | Due to rounding, figures may not add up to totals shown.

Strategic Outcome:	Good governance, Canadian identity and influence in a global community	
Performance Indicators	**Targets**	**2009-10 Performance**
CF Cadets : number of youth involved with the Cadet Program	1.7 per cent of Canadian Youth aged 12 to 18 *(Threshold: 90% of target)*	Exceeded: Actual 1.82%
Number of military personnel who have participated in Military Training and Cooperation Program (MTCP)[8] activities over past twelve months	1000 *(Threshold: 95% of target)*	Met: Actual 954

Program Activity		($ thousands) 2008-09 Actual Spending	2009-10 Main Estimates	2009-10 Planned Spending	2009-10 Total Authorities	2009-10 Actual Spending	Alignment to Government of Canada Outcomes
Contribute to Canadian government, society and international community in accordance with Canadian interests and values	CS	12,241	26,663	26,190	18,211	18,266	An innovative and knowledge-based economy A vibrant Canadian culture and heritage
	DS	982,999	1,005,256	1,037,130	1,090,230	1,045,071	A safe and secure world through international cooperation A strong and mutually beneficial North American partnership

Sources: Vice-Chief of the Defence Staff Group / Assistant Deputy Minister (Finance and Corporate Services) Group
DS: Departmental Spending; CS: Capital Spending (included in Departmental Spending) | Due to rounding, figures may not add up to totals shown.

Strategic Outcome: Internal Services						
Program Activity		($ thousands)				
		2008-09 Actual Spending	2009-10			
			Main Estimates	Planned Spending	Total Authorities	Actual Spending
Internal Services	CS	104,411	103,563	103,563	92,826	84,910
	DS	2,350,563	1,390,245	1,387,247	1,491,221	1,039,637

Sources: Vice-Chief of the Defence Staff Group / Assistant Deputy Minister (Finance and Corporate Services) Group
DS: Departmental Spending; CS: Capital Spending (included in Departmental Spending) | Due to rounding, figures may not add up to totals shown.
Note: Previous to 2009-10, Employee Benefit Plan (EBP) was being attributed to Internal Services program activity. Starting in fiscal year 2009-10, EBP has been directly attributed to program activities where personnel expenditures were charged. This explains, in large part, the changes between actual expenditures for fiscal years 2008-09 and 2009-10.

Figure: CF Bases, Wings, and Selected Units across Canada

Sources: Vice-Chief of the Defence Staff Group

A complete listing of CF installations including bases, wings, stations and support units in Canada is available in *Section III: Supplementary Information - Other Items of Interest*.

Expenditure Profile

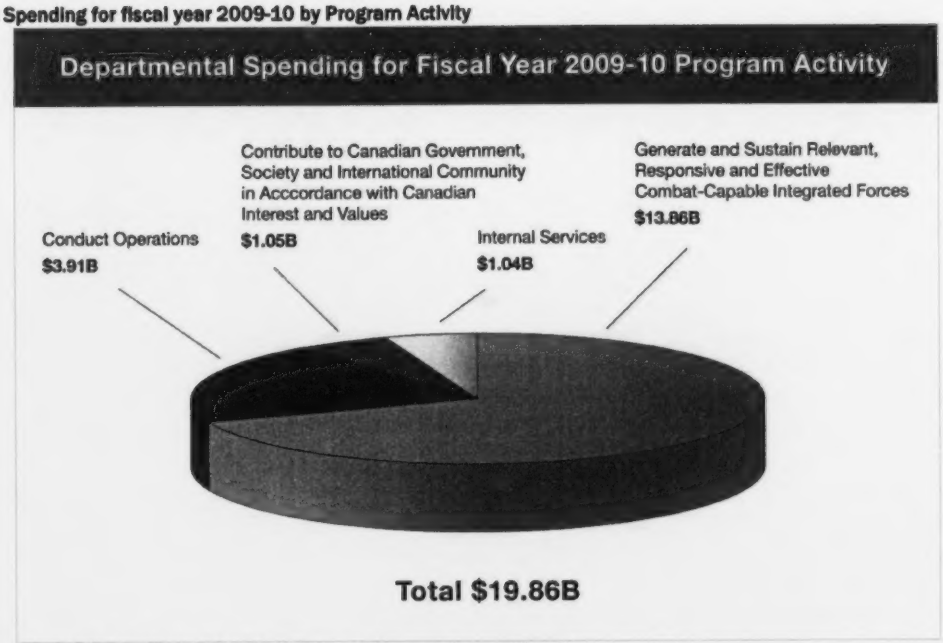
Departmental Spending ($ thousands)					
2007-08	2008-09	2009-10			
Actual Spending	Actual Spending	Main Estimates	Planned Spending	Total Authorities	Actual Spending
17,524,049	19,184,852	19,239,461	20,993,001	21,045,387	19,855,670

Source: Assistant Deputy Minister (Finance and Corporate Services) Group

In 2009-10, the Main Estimates were increased through Supplementary Estimates and allotments from Treasury Board by $1,805.9 million. The difference of $1,189.7 million between the total authorities and the actual spending is attributed primarily to $564.5 million related to capital projects that will be returned to the Department in future years, in accordance with the specific project cash flow schedules; $410 million of operating budget carry forward; $123.4 million in residual lapses which are not available to the Department in future years, $50.4 million in identified lapses related to security at the G8/G20 summits, 2010 Olympics and the response to the earthquake in Haiti, and $28.5 million related to 2010 Olympic Security funding for which the Department plans to seek the authorities required to have the funding returned in 2010-2011.

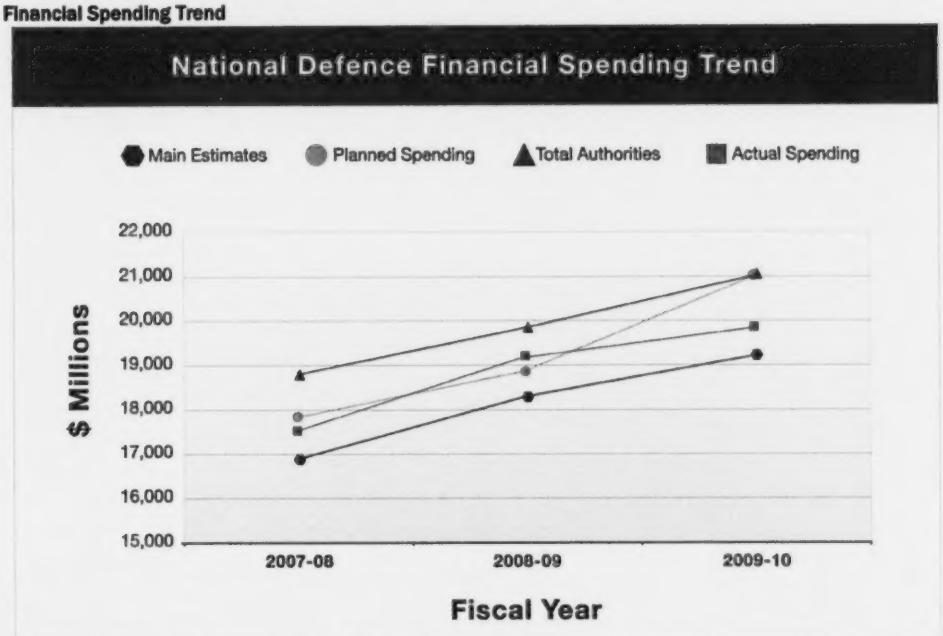
The total spending difference of $670.8 million between fiscal years 2008-09 and 2009-10 is attributed to an increase of $432.4 million for military and civilian pay and allowances; $157.6 million for professional and other services - primarily in support of operations; $135.8 million net increase for construction and acquisition of land and equipment; $181.4 million net increase across other categories of departmental expenditures, offset by a $162.6 million decrease resulting from a decline in fuel prices in 2009-10; and $73.8 million decrease in travel and transportation expenditures.

Figure: Spending for fiscal year 2009-10 by Program Activity


Departmental Spending for Fiscal Year 2009-10 Program Activity
Contribute to Canadian Government, Society and International Community in Acccordance with Canadian Interest and Values
$1.05B
Generate and Sustain Relevant, Responsive and Effective Combat-Capable Integrated Forces
$13.86B
Conduct Operations
$3.91B
Internal Services
$1.04B
Total $19.86B

Source: Assistant Deputy Minister (Finance and Corporate Services) Group

Figure: Financial Spending Trend



Source: Assistant Deputy Minister (Finance and Corporate Services) Group

Notes - The following briefly explains the timing of the information provided in the Financial Spending Trend chart above:

- The "Main Estimates" figure is submitted in December, prior to the start of a new fiscal year. It includes the known approved level of funding for the Department as of October.
- "Planned Spending" provides an update of the Main Estimates information on additional funding approved between October and February, as well as expected funding to be approved in the new fiscal year for which Treasury Board Secretariat has approved disclosure.
- "Total Authorities" represent the final authority as shown in the Public Accounts. It represents the final level of approved funding.
- The "Actual Spending", also found in the Public Accounts, represents the final spending on a cash basis.

Voted and Statutory Items

This table explains how Parliament votes resources to Defence in a standardized fashion. It reflects the changes made throughout the fiscal year to funding levels via Supplementary Estimates, allotments from the Treasury Board, and reallocations resulting from changing priorities and operational pressures. Also, it reflects the actual spending for those votes for the current and past two fiscal years.

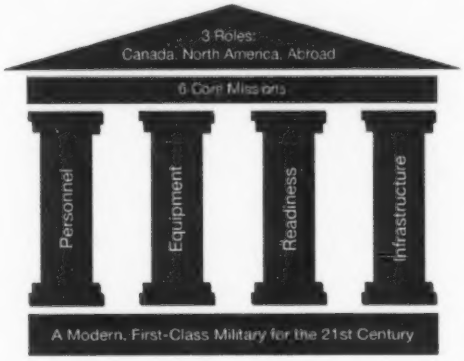
Vote (1, 5, 10) or Statutory Item (S)	Truncated Vote or Statutory Wording	($ Thousands)				
		2007-08	2008-09	2009-10		
		Actual Spending	Actual Spending	Main Estimates	Total Authorities	Actual Spending
1	Operating expenditures	12,812,314	14,283,787	13,460,216	15,204,236	14,792,353
5	Capital expenditures	3,199,760	3,270,903	4,272,890	4,108,136	3,343,432
10	Grants and contributions	168,793	191,834	223,498	232,815	229,851
(S)	Minister of National Defence salary and motor car allowance	74	77	78	78	78
(S)	Payments under the *Supplementary Retirement Benefits Act*	6,079	5,459	6,079	5,006	5,006
(S)	Payments under Parts I-IV of the *Defence Services Pension Continuation Act (R.S., 1970 c. D-3)*	1,319	1,159	1,319	1,054	1,054
(S)	Payments to dependants of certain members of the Royal Canadian Air Force killed while serving as instructors under the British Commonwealth Air Training Plan (*Appropriation Act No. 4, 1968*)	80	82	84	70	70
(S)	Contributions to employee benefit plans - Members of the Military	1,056,614	1,106,655	971,634	1,131,130	1,131,130
(S)	Contributions to employee benefit plans	269,730	292,857	303,664	342,801	342,801
(S)	Spending of proceeds from the disposal of surplus Crown assets	9,242	31,998	N/A	20,049	9,883
(S)	Collection Agency Fees	44	40	N/A	12	12
	Total Department	**17,524,049**	**19,184,852**	**19,239,461**	**21,045,387**	**19,855,670**

Source: Assistant Deputy Minister (Finance and Corporate Services) Group

* Due to rounding, figures may not add up to totals shown.

The *Canada First* Defence Strategy

To help Defence carry out its roles and responsibilities, the *Canada First* Defence Strategy (CFDS), released in May 2008, ensures that Canada maintains a first-class, modern military that is well trained, equipped and prepared to meet the challenges of the evolving security environment.



To accomplish this, the CFDS provides a 20-year roadmap to rebuild and modernize the CF with stable and predictable funding that permits long-term planning and investment in four Defence capability areas or pillars:

- Personnel: Expand the CF to a total strength of 100,000 (Regular 70,000/Reserve 30,000) by fiscal year 2027-28;
- Equipment: Renew the CF's core equipment platforms;
- Readiness: Maximize personnel training and equipment availability; and
- Infrastructure: Improve the overall condition of Defence infrastructure over the long term.

The CFDS articulates the broad strategic vision for Defence aligned with the level of ambition identified by the Government and outlines six core CF missions in domestic, continental and international contexts:

- Conduct daily domestic and continental operations, including in the Arctic and through the North American Aerospace Defense Command (NORAD);
- Support a major international event in Canada such as the G8, G20 and North American Leaders' Summits;
- Respond to a major terrorist attack;
- Support civilian authorities during a crisis in Canada such as a natural disaster;
- Lead and/or conduct a major international operation for an extended period; and
- Deploy forces in response to crises elsewhere in the world for shorter periods.

For further information, please visit the *Canada First* Defence Strategy website: www.forces.gc.ca/site/focus/first-premier/index-eng.asp.

The Defence Priorities

The Defence Priorities focus on the Government's expectations for Defence and highlight the activities essential to achieve excellence in our operations and management. They are also informed by the key corporate risks to which resources were directed to address gaps in capability or capacity. The Defence Priorities articulated in RPP 2009-10 were to:

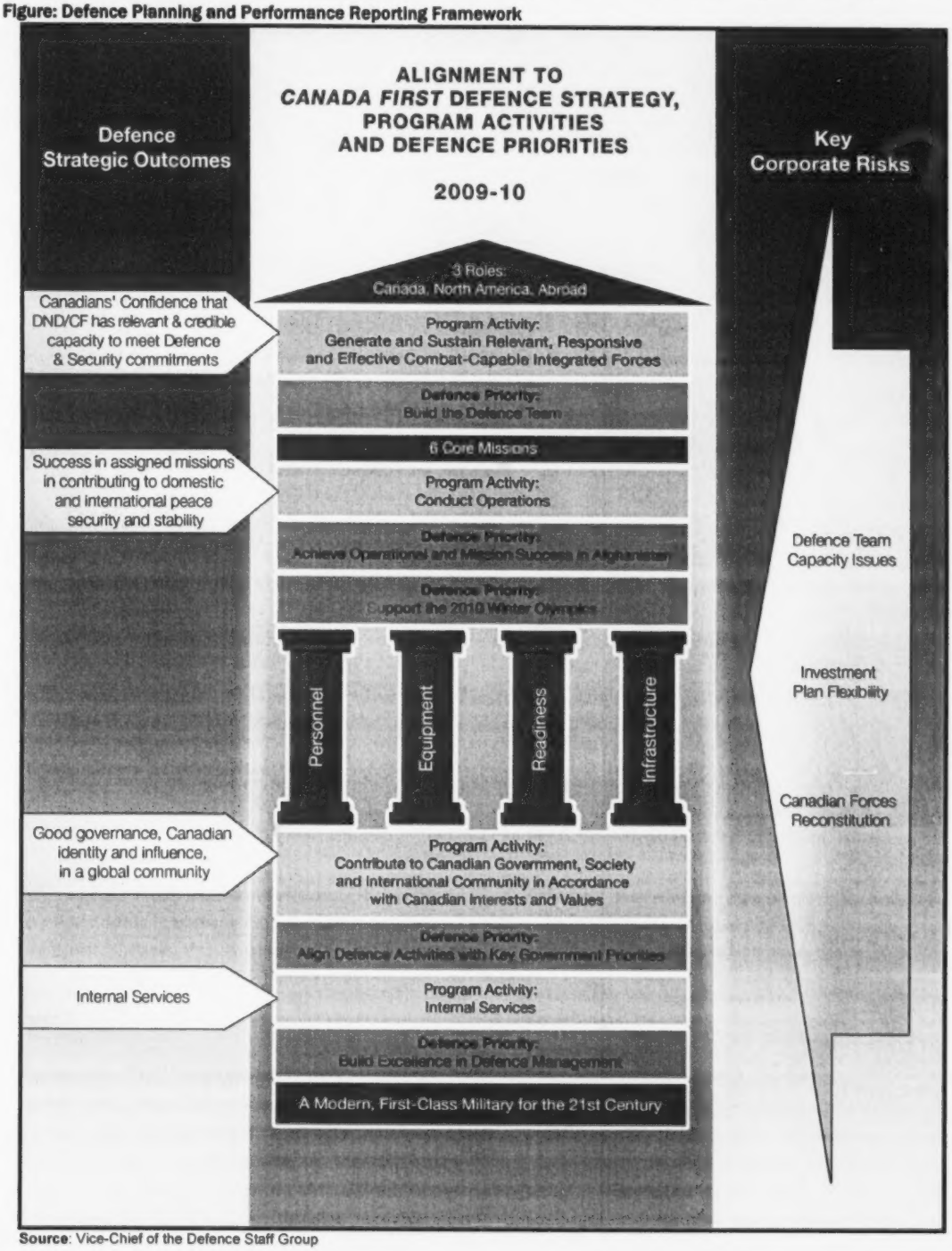
- Achieve Operational and Mission Success in Afghanistan;
- Support the 2010 Winter Olympics;
- Align Defence Activities with Key Government Priorities;
- Build the Defence Team; and
- Build Excellence in Defence Management

Detailed information regarding the contribution of Defence Priorities to the PAA Strategic Outcomes is located in *Section III: Supplementary Information - Other Items of Interest*.

Defence Planning and Performance Reporting Framework

The following diagram illustrates the alignment of Defence's PAA, Risks and Priorities to the CFDS. This framework forms the basis for communicating Defence's performance story throughout this report.

Figure: Defence Planning and Performance Reporting Framework


Defence Strategic Outcomes
ALIGNMENT TO CANADA FIRST DEFENCE STRATEGY, PROGRAM ACTIVITIES AND DEFENCE PRIORITIES
2009-10
Key Corporate Risks
3 Roles: Canada, North America, Abroad
Canadians' Confidence that DND/CF has relevant & credible capacity to meet Defence & Security commitments
Program Activity: Generate and Sustain Relevant, Responsive and Effective Combat-Capable Integrated Forces
Defence Priority: Build the Defence Team
6 Core Missions
Success in assigned missions in contributing to domestic and international peace security and stability
Program Activity: Conduct Operations
Defence Priority: Achieve Operational and Mission Success in Afghanistan
Defence Priority: Support the 2010 Winter Olympics
Personnel
Equipment
Readiness
Infrastructure
Good governance, Canadian identity and influence, in a global community
Program Activity: Contribute to Canadian Government, Society and International Community in Accordance with Canadian Interests and Values
Defence Priority: Align Defence Activities with Key Government Priorities
Internal Services
Program Activity: Internal Services
Defence Priority: Build Excellence in Defence Management
A Modern, First-Class Military for the 21st Century
Defence Team Capacity Issues
Investment Plan Flexibility
Canadian Forces Reconstitution

Source: Vice-Chief of the Defence Staff Group

SECTION II: ANALYSIS OF PROGRAM ACTIVITIES BY STRATEGIC OUTCOMES

Strategic Outcomes	Program Activities
Canadians' confidence that Defence and the CF have relevant and credible capacity to meet defence and security commitments	Generate and Sustain Relevant, Responsive and Effective Combat-Capable Integrated Forces
Success in assigned missions in contributing to domestic and international peace, security and stability	Conduct Operations
Good governance, Canadian identity and influence in the global community	Contribute to Canadian Government, Society and the International Community in Accordance with Canadian Interests and Values
Internal Services	Internal Services

Strategic Outcome:
Canadians' confidence that Defence and the CF have relevant and credible capacity to meet defence and security commitments

Program Activity: Generate and Sustain Relevant, Responsive and Effective Combat-Capable Integrated Forces

This program activity consists of all the activities necessary to design and develop force structure, create the capability components, generate the forces, and sustain and maintain the forces over time at the appropriate readiness levels. It is designed to generate and sustain forces capable of: Maritime Effects; Land Effects; Aerospace Effects; and Joint, National, Unified and Special Operations Forces.

This activity is required to:

- Maintain operational units;
- Maintain deployable support units;
- Recruit and train personnel;
- Provide nationally based fixed support including infrastructure, supply, fixed command, force development, and research and development; and
- Acquire Capital Equipment.

Performance Summary

Program Activity Results:	Generate and Sustain Integrated Forces			
Expected Results	Performance indicators	Targets	Performance Status	Performance Summary
• Maintain operational units; • Maintain deployable operational units; • Recruit and train personnel; • Provide nationally based fixed support including infrastructure, supply, fixed command, force development, and research and development; and • Acquire Capital Equipment	Net Growth: actual versus planned growth of CF	Increase in Regular Force by 1,492 *Threshold: +/- 500*	Exceeded	Target: 66,992 Actual: 68,132
	Civilian Workforce Size: Planned civilian FTEs versus actual	28,825 *Threshold: Not to exceed plan*	Met	Actual: 28,695

Source: Vice Chief of the Defence Staff Group

Financial Resource Summary

Financial Resources:	Generate and Sustain Integrated Forces				
($ thousands)	2008-09 Actual Spending	2009-10			
		Main Estimates	Planned Spending	Total Authorities	Actual Spending
Capital Spending	2,763,832	3,705,140	4,395,690	3,594,008	2,802,009
Departmental Spending	12,843,275	14,173,282	14,865,806	14,591,532	13,856,488

Source: Assistant Deputy Minister (Finance and Corporate Services) Group

Human Resource Summary

Human Resources (Full-Time Equivalent - FTE):	Generate and Sustain Integrated Forces		
	Planned	Actual	Difference
Military	54,210	54,056	(154)
Civilian	20,768	20,934	166
Total	**74,978**	**74,990**	**12**

Source: Vice-Chief of the Defence Staff Group, Chief Military Personnel Group, Assistant Deputy Minister (Human Resources-Civilian) Group

Performance Analysis:

Defence Procurement

Defence procurement activity involves, to varying degrees, not only Defence but also Public Works and Government Services Canada (PWGSC), Treasury Board Secretariat (TBS), Industry Canada (IC) and many other partner departments. The partnership between Defence and PWGSC is particularly important as the latter provides contracting services in accordance with the Treasury Board Common Services Policy[9]. The Government of Canada is committed to getting the best equipment for the CF, with the best value for Canadians, and the most benefits for Canadian industry.

Defence continues to find new and innovative ways to make the procurement process simpler and more streamlined, accountable and effective. First, the Department supported the efforts of TBS and PWGSC to identify and implement appropriate reforms. Second, the Department worked to improve the way it defines and validates requirements, and manages procurement programs.

Progress was made in a number of areas where Defence:

- successfully maintained and strengthened the internal policy of minimizing the use of lengthy Defence technical specifications and consolidating statements of requirement into concise, high-level, performance driven documents, encouraging and enabling industry flexibility and innovation;
- had success in minimizing use of Canada-unique specifications and demands for system customizations, enabling more rapid, simplified and lower-risk acquisitions of off-the-shelf solutions and resulting in lower in-service support costs. It has also permitted the Department to occasionally buy in-production systems at a lower cost. There are sometimes valid needs for unique-to-Canada solutions, but Defence continues to scrutinize these carefully;
- developed a policy of progressive consolidation of multiple support contracts for existing platforms into longer-term and more global Optimized Weapon System Support contracts which is delivering a range of benefits: lower costs for managing these systems; stronger domestic industrial capacity to manage complex equipment support programs; and improved fleet availability rates;
- contributed to further strengthen government-industry relationships by providing industry with situational awareness of emerging requirements and facilitating early industry involvement in science and technology programs wherever possible; engaging industry in support of solutions development and options analysis; supporting government policies aimed at encouraging exports; and requiring high value-added, long-term industrial regional benefits in its acquisitions; and
- pursued a comprehensive program of strengthening the expertise of its military and civilian workforce in the areas of procurement and project and risk management.

Capital Equipment Acquisition

Air

Modern, sustainable aircraft are the CF's essential lifeline to deployed forces around the world by, for example, transporting supplies and personnel to Afghanistan and delivering essential humanitarian relief to Haiti. In accordance with the CFDS commitment to ensure the CF is properly equipped with aircraft necessary to support its operations at home and abroad, the following was accomplished during the reporting period:

- six months ahead of schedule, the C-130J Hercules tactical lift aircraft project progressed with contract amendments for in-service-support in December 2009 and for maintainer training in February 2010;
- the Medium-to Heavy-Lift Helicopter contract was awarded to Boeing on June 30, 2009;
- Defence crews, as part of the Combined Test Force with Sikorsky, began testing of the New Maritime Helicopter in July 2009;
- the Next Generation Fighter Capability project proceeded on schedule as the Department continued to participate in the Joint Strike Fighter (JSF) program, a US-led multinational effort to build an affordable, multi-role stealth fighter aircraft; and
- phase 2 of the CF-18 Incremental Modernization Project to modernize the current fighter aircraft, the CF-18 Hornet, was completed on-time and under-budget in March 2010.

Land

Afghanistan and other recent conflicts have demonstrated the importance of modernizing the CF's fleet of ground vehicles and equipment. Valued at approximately $5 billion, the renewal of the Family of Land Combat Vehicles projects is a key commitment of the CFDS. The following are highlights of what was achieved in fiscal year 2009-10:

- the Lightweight Towed Howitzer project delivered six M-777 Howitzers in a three-month period ending July 2009;
- forming the backbone of ground transport, replacing and modernizing the Medium Support Vehicle System (MSVS) is a major undertaking. The first medium-sized Militarized Commercial Off-the-Shelf vehicles were delivered in June 2009 and a contract was awarded in July 2009 for the baseline shelters of the Special Equipment Vehicle Kits; and
- a contract was awarded in July 2009 to return the 20 Leopard 2 tanks borrowed from Germany to their lender in the state in which they were received.

Maritime

As outlined in the March 3rd 2010 Speech from the Throne, the Government is committed to supporting a strong domestic shipbuilding industry and to maintaining an effective fleet of ships for maritime security and services. Through the National Shipbuilding Procurement Strategy (NSPS), Defence shipbuilding projects stand to benefit from its cost estimating, risk rebalancing and streamlined procurement initiatives facilitating the approval, construction and delivery of new ships, while continuing to conform to all recognized international regulations and standards. Funded within existing project budgets, the NSPS allows Defence to avail of acquisition efficiencies that could not be gained otherwise.

During the reporting period, the three shipbuilding projects outlined in the CFDS progressed as follows:

- the Arctic/Offshore Patrol Ship's procurement approach was revised to align with NSPS;

- procurement plans for the Joint Support Ship have been re-evaluated and work continued on attaining preliminary project approval; and
- the planned acquisition to replace destroyers and frigates, the Canadian Surface Combatant project, began conducting an options analysis.

Construction

Defence infrastructure is one of the four pillars of the CFDS. A large percentage of the Defence infrastructure holdings, including 35,000 buildings and works and 5,500 km of roads, is aging. In order to meet Canada's future defence and security requirements, the CFDS identifies the Government's intent to replace approximately 25 per cent of Defence infrastructure holdings within 10 years, with approximately 50 per cent being replaced or refurbished over 20 years. Defence must also build or enhance infrastructure associated with the introduction of new capabilities.

To this end, the Government has pledged $2.6 billion in defence infrastructure spending since May 2008. Work on new and renovated infrastructure from coast to coast was in various stages of completion during fiscal year 2009-10 and included:

- a new facility for safe receiving, processing, storage and transportation of hazardous materials at Canadian Forces Base (CFB) Esquimalt;
- a water treatment plant upgrade that will continue to ensure safe drinking water at CFB Wainwright;
- a number of upgrades to the airfield at 8 Wing Trenton to accommodate the C-17 Globemasters as well as a new Air Mobility Training Centre;
- new facilities at CFB Valcartier and CFB Montréal for the LAV III combat vehicle;
- a new fire hall and new health services centre at 14 Wing Greenwood;
- a new headquarters facility for 19 Construction Engineering Flight and a new multi-purpose facility at 9 Wing Gander; and
- renewal of infrastructure at Defence Research and Development Canada Valcartier.

In addition to the construction of new infrastructure, Defence also continues to spend hundreds of millions of dollars on other infrastructure lifecycle management activities including:

- maintaining real property;
- disposing of aging or damaged real property;
- managing heritage sites; and
- exercising environmental stewardship.

The ongoing improvements to infrastructure are making a difference for the men and women of the CF and for civilians working at Defence installations - adding to their safety, readiness and enhancing the quality of their workplace. These investments also bring economic activity to local communities and sustain an estimated 4,320 jobs.

Research and Development

During the reporting period, Defence's research and development (R&D) efforts have contributed directly and significantly to the success of our domestic and international operations, as well as other Defence and Governmental priorities. From the laboratory, to the test facility, and into the hands of our soldiers, R&D has been instrumental in improving Defence capabilities. Scientific advisors have been part of the mission for a number of years. Advisors in Task Force Kandahar gave recommendations on the technologies available to support operations. Their tasks included advising on emerging threats,

conducting studies and analyses to help the theatre commander make decisions, facilitating the integration of new technologies, and liaison with coalition forces scientists. R&D played an integral part in the rapid procurement of counter-IED equipment such as the all-arms metal detector, and completed a counter-IED culvert blast mitigation study initiated at the request of Task Force Afghanistan Chief Engineer. The aim of this study was to examine different culvert types to determine the best design to reduce the impact of the detonation of a culvert-based IED on a vehicle. This information was used to provide design guidance to Canadian road building projects in Afghanistan. Defence conducted blast trials of competitors' proposals for the LAV III Belly Armour Kit, ensuring that the selected equipment provided the best possible protection for our soldiers from buried IEDs.

Within the scope of research and development support to the public safety and security community, Defence made several high impact contributions over the review period. Support to the successful 2010 Vancouver Olympic/Paralympic Games (Op PODIUM) as well as planning for the 2010 G8/G20 Summits (Op CADENCE) were highlights, with the mobilization of a wide range of science and technology expertise in the area of Chemical, Biological, Radiological, Nuclear and Explosives (CBRNE), critical infrastructure, command and control, surveillance, and vehicle/pedestrian screening and operational research domains. This support delivered both during the two-year run-up and during the event. Defence deployed a suite of CBRNE mobile laboratories along with scientific and technological expertise from several key departments and agencies including Public Health Agency of Canada, Environment Canada, Health Canada, and Natural Resources Canada. This level of support was made possible through previous investments by the Defence-led CBRNE Research and Technology Initiative, made jointly with public security partners.

Defence is also having an impact with its support of a Public Safety (PS) Canada initiative. PS is implementing aspects of its *Emergency Management Act*[10] and associated Federal Emergency Response Plan. A foundational piece of this initiative is the establishment of a rigorous and systematic approach to all-hazards risk assessment. Defence leads the development of a methodological approach due to its recognised expertise and record in risk and vulnerability assessments.

The Defence Team

The vision of the CFDS is to have a modern, first-class military that will be fully integrated, flexible, multi-role and combat-capable in effective partnership with knowledgeable and responsive civilian personnel. All departmental employees and all Regular and Reserve Force members of the CF join together as essential members of the Defence Team to make this vision reality. Members of the Defence Team work together in a focused and aligned approach to ensure that Defence has the best and most effective and efficient means to serve Canadians at home and abroad, through the stewardship of public funds, engagement with Canadian industry, and provision of tangible and lasting benefits to communities.

Artist's rendering of the new Canadian Chinook helicopter.
Photo: Assistant Deputy Minister (Public Affairs) Group

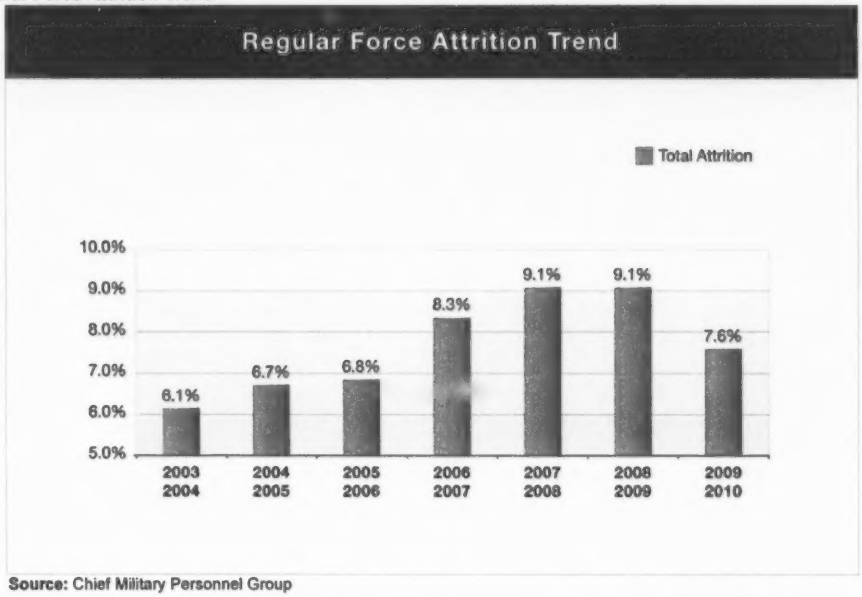
In fiscal year 2009-10, a Defence force structure review was initiated to better balance the personnel envelope within the Defence programme to meet CFDS capability goals. This review will follow the strategic review exercise mandated by TBS.

Growth and Renewal

It is important, now more than ever, that we focus on the appropriate composition of the Defence Team (Regular, Reserve, civilian) allowing a comprehensive approach for strategies and programs that can be customized to meet Defence needs and requirements for a sustainable workforce that is renewable and affordable over time.

A combination of success in recruiting operations and reduction in voluntary attrition saw the CF Regular Force strength exceed the planned target and reach 68,787 at the end of March 2010.

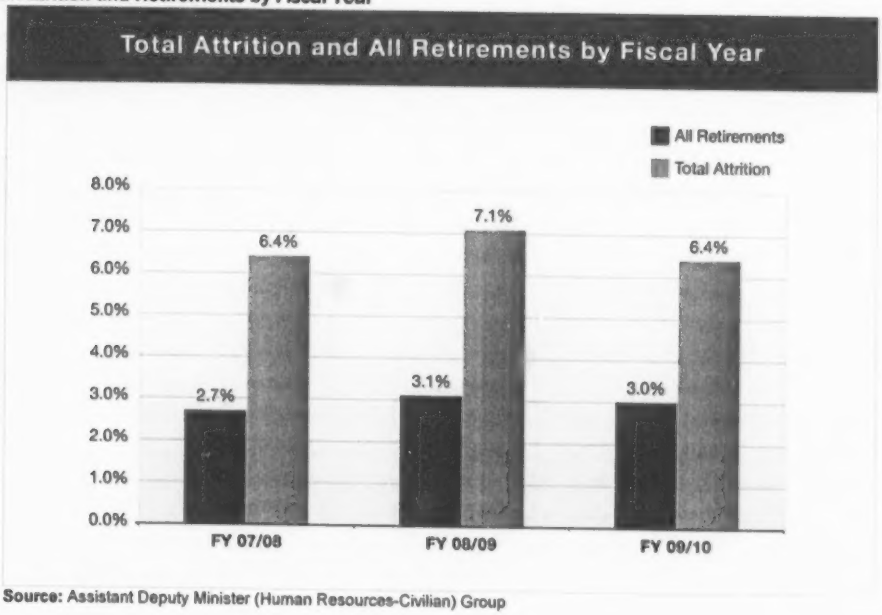
Figure: Regular Force Attrition Trend



Source: Chief Military Personnel Group

The civilian workforce Full-Time Equivalents (FTEs) increased from 27,291 in fiscal year 2008-09 to 28,695 in fiscal year 2009-10, in spite of growth projections to 28,825. It had been expected that the Department would experience difficulty in recruiting and retaining a sufficient number of talented workers, given a combination of robust retirement projections and voluntary attrition. In reality, however, retirements and attrition in general were slightly lower than predicted and the overall size of the civilian workforce remained fairly stable.

Figure: Total Attrition and Retirements by Fiscal Year



Source: Assistant Deputy Minister (Human Resources-Civilian) Group

Military Personnel Recruitment

Fiscal year 2009-10 was one of the most productive years for Regular Force recruiting. The total recruiting target was surpassed and a greater number of military occupations either attained or came close to attaining their full recruiting targets compared to recent years. Of note was the success in recruiting in many of the traditional technical occupations, where it has been difficult to attract candidates, including Maritime Engineering Mechanic and Naval Electronics Technician. This is the start of a period of added emphasis to ensure that the right mix, not just the right number, of personnel are recruited in all environments to meet the CF's current and future requirements in an increasingly technology-based military.

At the end of fiscal year 2009-10, 90 occupations (out of 102) achieved 75 per cent or greater of their recruiting targets – of those that did not, two are small specialist occupations (Pharmacist and Social Work Officers). Concerted efforts continue to be made so that Defence will see further gains in recruiting for critical specialist occupations. Improvements have been made to streamline the recruiting process, with a greater emphasis on developing and enhancing e-recruiting and increased tasking for the National Recruiting Contact Centre.

Military Retention Initiatives and Strategy

Implementation of the Military Personnel Retention Strategy campaign plan began in July 2009 with an aim to decrease the rate of voluntary attrition in the CF, which was at 6.6 per cent for the Regular Force at the end of fiscal year 2008-09. A key element of the plan is the establishment of a retention culture that is exercised at all levels of command by officers and non-commissioned members across the whole of the CF. There are 44 initiatives designed to retain military personnel in the CF, ranging from terms of service and improvement of recruit school training philosophies, to increased support to the families of military members. The Regular Force voluntary attrition rate dropped to 4.7 per cent by the end of March 2010.

Care of the Injured and Family Support

The war in Afghanistan has resulted in higher numbers of operational casualties, and highlighted the need to enhance the care and support provided to Regular and Reserve Force members who become ill or injured. Injuries due to military operations or accidents, naturally occurring diseases and even the normal wear and tear of military service are not uncommon, but have been more prevalent in recent years. When these things happen, Canada's men and women in uniform need to feel confident that the Government of Canada will provide the services necessary to restore them to health and normal functioning, that their families' needs will be met during sometimes lengthy and difficult periods of convalescence, and if they cannot resume military service, that they will receive the assistance necessary to make new lives for themselves. A review found that disparities existed in the levels of support and accessibility to services across Canada, and that these differences were particularly pronounced between Regular and Reserve Force personnel. A CF Framework for the Care of the Ill and Injured was developed to address these disparities and to communicate a common standard to all military personnel.

Medical care services at Valcartier, Québec to support military members

Photo: ADM(HR-Civ)

The CF continued its commitment to provide enhanced support services to all members who were injured, medically released or became ill while serving and also to support their families. The CF, in partnership with Veterans' Affairs Canada (VAC), established 19 Integrated Personnel Support Centers (IPSCs) across the country under the oversight and guidance of the CF Joint Personnel Support Unit (JPSU). Through the coordination and facilitation of integrated support services, the JPSU/IPSC provides access to and case management of the many elements of complex care, rehabilitative programs, available benefits and family services, allowing ill and injured CF members and their families to focus on recovery and reintegration, as evidenced in 301 medically released CF personnel being appointed to Public Service positions during fiscal year 2009-10. As a result, comprehensive care and support is now available to all injured and ill CF personnel and veterans, their families, and families of the deceased.

Reserve Force

The Reserve Force is composed of CF members who enrolled for service other than uninterrupted full-time military service. The Reserve Force has four sub-components: the Primary Reserve, the Supplementary Reserve, the Cadet Instructors Cadre, and the Canadian Rangers. The Primary Reserve structure includes the Naval Reserve, the Army Reserve, the Air Reserve, the Health Services Reserve and the Legal Reserve. In international operations, the role of the Primary Reserve is to augment, sustain and support deployed forces. The Reserves provide continued support to deployed operations and have demonstrated leadership and made important contributions to contingency operations at home where they conduct coastal and air operations and provide the personnel for those operations. Reserve units are located in Canadian communities, and as residents of those communities, they regularly work with local first responders when called upon in the event of an emergency. Their involvement contributes to reducing the effect of the crisis and assisting in a return to normalcy. In excess of 7,000 Reservists are employed full-time in performing staff duties in various headquarters and units across the country while approximately 2,000 Reservists support international and domestic operations.

Table: The Strength of the Regular and Reserve Forces, 2004-2010

	Regular Force	Reserve Force			
As of:		Primary Reserve Avg. Paid Strength	Cadet Instructors Cadre (CIC)	Canadian Rangers	Supplementary Reserve
31-Mar-04	61,394	23,600	6,764	4,096	35,000
31-Mar-05	61,715	23,700	7,050	4,179	39,536
31-Mar-06	62,779	23,902	8,014	4,448	32,526
31-Mar-07	63,779	25,231	7,479	4,266	27,726
31-Mar-08	64,403	25,640	7,742	4,244	28,665
31-Mar-09	65,897	25,674	7,690	4,323	23,629
31-Mar-10	68,787	26,921	7,643	4,293	15,618

Source: Chief of Military Personnel Group, Vice Chief of the Defence Staff Group

The growth of the Reserve Force is a Government priority. Many Primary Reserve establishments are under-strength, and all could conceivably increase in order to satisfy the Government's intentions to boost the overall numbers within the Reserves. Present recruitment levels maintain the status quo. Any level of growth must come with a parallel increase in funding to enable the training and development of new reservists. The Reserves continue to connect with Canadians, as well as conduct training and education to progress in the profession of arms.

In fiscal year 2009-10, the average paid strength for the Primary Reserve was 26,921. This included an average of 1,871 personnel on Class C for the fiscal year, and represented an overall increase of 1,247 over the previous year. In support of the growth of the Reserve Force investment in training, the right technology, equipment and facilities are a required capability to generate trained reservists.

The Supplementary Reserve consisted of 15,618 members as of 31 March 2010. Membership comprises former members of the Regular Force or Primary Reserve who are available for duty if needed. People with no previous military experience who have special skills or expertise that reflects a military requirement may also belong to the Supplementary Reserve, whose main purpose is to augment the other components of the CF in times of national emergency or mobilization.

Mayor of Pangnirtung, His Worship Mosesee Qappik, accompanied by a guard of Rangers greets the Governor General and her family.

Photo: Sergeant Serge Gouin, Rideau Hall, OSGG

Civilian Human Resources and Public Service Renewal

Defence continues to build on previous improvements. Effective and fully integrated business planning continues to be a critical requirement. The delivery of the CFDS, including maximizing support to operations and rebuilding the Forces, requires strong management practices including alignment of human resource (HR) planning with business planning and strengthened integrated planning processes to drive national staffing decisions. One example of this was the Department's role (with support from the Canadian Security Intelligence Service (CSIS), Human Resources and Skills Development Canada (HRSDC), the Ontario Federal Council (OFC) and the Public Service Commission) for the planning and execution of a Government of Canada 2009 Greater Toronto Area (GTA) Career Fair at the Metro

Toronto Convention Centre (MTCC). This event attracted more than 8,000 students and alumni from post-secondary institutions.

Technological tools (e.g. E-Pay Card, Integrated Staffing Log Application, Fast Track Staffing framework) are being put in place to support a modernized workplace. Work continued with our Government colleagues (e.g. the Canadian International Development Agency (CIDA), PWGSC, HRSDC, PSC, INAC, RCMP) to align common HR business processes such as staffing. In carrying through on these ongoing PS Renewal commitments, Defence achieved a 20 per cent improvement in the time it takes to fill public service jobs in the organization. For more information on this reduction, refer to the Web of Rules section.

Civilian Recruitment

Defence's civilian workforce is an essential contributor to the Defence Mission. The Department employs the broadest range of skill sets and jobs of any public sector organization and has a major federal presence which benefits communities across the country.

This past year, we successfully targeted our recruitment efforts on graduating students and occupations where there was concern about the availability of skilled candidates, specifically persons interested in apprenticeship/operational trades. This allowed Defence to recruit hundreds of Canadians across the Department. Most notable were new hires into the occupations of concern[11] (purchasing, engineering, finance management, computer systems, ship repair and officers, general labour & trades), who represented 33 per cent of the Department's requirements for skilled candidates. Ultimately these targeted efforts resulted in most occupations of concern exceeding their new hire targets for fiscal year 2009-10. The only exception was the General Labour and Trades Apprenticeship and Operational Development Program which attained 49 per cent (90 of 192 planned hires). For additional information refer to *Section III: Supplementary Information - Other Items of Interest*.

Figure: Indeterminate Hires by Occupation of Concern

Source: Assistant Deputy Minister (Human Resources-Civilian) Group

Civilian Employee Development

Employee development is essential to maintaining a skilled and professional workforce that is able to deliver on the CF mission through providing programs and services of the highest professional standard and quality. Defence is committed to providing all employees with the training and tools they need to do their jobs.

Since Defence's civilian workforce is geographically dispersed across Canada, the Department's need for a distributed learning capability was one key initiative delivered in fiscal year 2009-10. The Defence Learning Network (DLN) project (a joint military and civilian initiative) was advanced to provide access to structured and informal learning to all employees. This new capability will support employees' career-long learning and professional development (LPD). This initiative alone delivered enormous efficiency and effectiveness gains to departmental employees along with allowing the Department to cope with today's requirements to reduce costs associated with the delivery of training programs. Also supporting the Department's commitment to being a learning organization is the Civilian Personnel Education Support Program. This program offers employees an opportunity to qualify for financial support to pursue full-time study towards a degree, diploma, certificate or accreditation at a recognized Canadian educational institution. A total of $491,497 was awarded in fiscal year 2009-10 to cover allowances in lieu of salary and tuition fees.

Harold Chandler, a worker from the Fleet Maintenance Facility's (FMF) foundry, works on the sand mould for the Naval Centennial Bell.

Photo: Corporal Alex Croskery CFB Esquimalt Imaging Services

To meet the need for accountability, and recognizing the importance of measuring the value of learning, a learning data gathering and analysis process was developed and will continue to be enhanced year-to-year with the goal of providing a departmental overview of the investment in civilian learning and professional development. This will better align civilian employee development with departmental needs and provide a more accurate picture of overall departmental expenditure on learning and professional development. In fiscal year 2009-10, training and development related financial expenditures totalled approximately $24 million, or $850 per civilian employee. For more information, refer to *Section III: Supplementary Information - Other Items of Interest – Work Environment*.

Lessons Learned:

The four pillars of the CFDS are Equipment, Infrastructure, Personnel, Readiness. Defence has learned many lessons through carrying out the activities necessary to procure and support its equipment fleets and services, and to develop and improve the way it attracts, recruits, trains and retains its Defence Team at the appropriate readiness levels.

Defence Procurement

The traditional approach of establishing multiple prescriptive, component-level, time and materials contracts for fleet support has resulted in sub-optimal support performance, unclear accountabilities, and little incentive for industry to innovate or perform well. Accountabilities are further blurred by the traditional practice of acquiring a fleet from one supplier and then establishing fleet support contracts with third-party suppliers. In that case, there is little means to hold the original supplier accountable for the reliability and performance of the fleet. Additionally, the short-term and highly transactional nature

of traditional support contracts is resource-intensive for Government to manage and provides little incentive for industry to invest in support improvements. Based on lessons learned, Defence has:

- Minimized the use of technical specifications, consolidating statements of requirement into concise, high-level, performance driven documents and resulting in faster, simpler and lower-risk procurement of off-the-shelf solutions with lower maintenance and support costs;
- Bundled multiple maintenance and support contracts for existing platforms into longer-term Optimized Weapon System Support contracts, lowering the costs, improving fleet availability rates and strengthening Canadian industrial capacity;
- Created the In-Service Support Contracting Framework which ensures clear accountability for the performance of newly-introduced systems while reducing their costs, and provides new opportunities for Canadian companies to become part of the global supply chains of major equipment manufacturers;
- Contributed to the strengthening of government-industry relationships by providing industry with situational awareness of emerging requirements, facilitating early industry involvement by engaging industry in support of solutions development and options analysis, supporting Government policies aimed at encouraging exports and requiring high value-added, long term industrial regional benefits in its acquisitions; and
- Implemented a program of strengthening the expertise of its military and civilian workforce in the areas of procurement, project management, and risk management.

The Defence Team

Defence must continue to develop and improve the way it attracts, recruits, trains and retains by taking advantage of social networking tools and modernizing the individual training and education system to remain effective and efficient in a constantly evolving defence environment. For the CF, this means the Department must continue to improve provision of care and support to its members and their families, with an emphasis on addressing mental health issues and removing the social stigma surrounding it. Overarching all of this is the need to put in place a modern personnel management system that is integrated with other systems and responsive to future requirements.

Although measures have been taken to harmonize the Defence Team requirements within an integrated personnel planning process, it cannot be effective without workplace initiatives that continually improve the Department's capacity to deliver on how it works, where it works, and the tools with which it works. Achievement of a renewed and up-to-date personnel management infrastructure (i.e. policies, business processes, and systems) will require the Department's focus to expand its usage of collaborative, innovative and knowledge-based work environments across the organization as corporate assets, embrace new technologies to support improved efficiencies of personnel management operations, and reduce unnecessary rules and reporting.

Responding to Canadian casualties from Improvised Explosive Devices (IEDs) in Afghanistan, the CF has created a special unit, the CIED Task Force, to oversee Counter-IED activities in combat operations, equipment acquisition, and Science & Technology, and is institutionalizing this capability for future conflicts. To support the CIED Task Force and the CF, Defence R&D Canada provides coordinated CIED S&T to address engineering and evaluation of new capabilities, development of advanced technologies in collaboration with our allies, and to respond to inquiries from the public on CIED technologies. In addition, Defence has posted a scientist in-theatre to provide immediate technical advice and assistance.

Benefits for Canadians:

Meeting the Needs of the Military and Canadians

By providing long-term funding and equipping the Defence Team with the right tools it needs to get the job done, the Government of Canada is delivering on its CFDS commitment to strengthen Canada's multi-role, combat-capable defence force. In addition to a renewed commitment to achieve the Government's defence objectives in Canada, on the continent and internationally, this investment creates jobs, brings economic benefits to Canadian industry and cities, and creates and sustains long-term employment for Canadians. In particular, targeted recruiting across Canada generated employment opportunities for more than 10,000 Canadians (7,522 military and 2,992 civilian). The response of Canadians and efforts such as these are keeping Canada on the path to a strong economic recovery by making key contributions to job creation.

The Industrial Regional Benefits (IRB) Policy, administered by Industry Canada, is in place to ensure that prime contractors generate long-term and significant economic activity in Canada. It means one dollar of economic activity will be generated in Canada for every contract dollar awarded. For example, in January 2010 the Government of Canada signed a $723 million amendment to the CC-130J Hercules contract with Lockheed Martin Corporation to include fleet maintenance. In March 2010, the contractor announced that companies in British Columbia, Nova Scotia, Québec, Manitoba and Ontario will provide in-service support, providing Canadians throughout the country with opportunities for highly skilled, knowledge-intensive work, and economic spin-offs for the cities where these companies are located.

A report produced by the Canadian Association of Defence and Security Industries in December 2009 states that the defence industry employs 70,000 Canadians, and generates $10 billion a year in sales, 50 per cent of which are exported. In fact, the CFDS has allowed the Canadian defence industry to compete in global markets, attracting foreign companies. In March 2010, Norwegian defence contractor Kongsberg announced it will open a location in London, Ontario, not only to be closer to its significant customer, but also because of the city's close proximity to the United States and the availability of a quality workforce. Moreover, participation in the Joint Strike Fighter (JSF) program has provided Canadian industry with access to high-technology industrial opportunities; since 2002, more than 80 Canadian firms have secured JSF contracts with an estimated value over $350 million.

The CFDS has committed to build and/or maintain 50 vessels over 30 years and to that end, the National Shipbuilding Procurement Strategy was developed to create a successful strategic relationship between the Federal Government and the marine industry. Benefits of that initiative are a strengthened Canadian economy, job creation - in the broader marine sector and in universities and colleges where the necessary skills are taught and research and development is conducted. The CFDS has enabled Canadian companies to re-position themselves to make the right investments and focus on the right technologies.

In 2009, Defence awarded a total of 813 contractual documents totalling $68.0 million to Aboriginal firms. This signifies a substantial influx of work into the Aboriginal business community. The $35 million target for calendar year 2009 was surpassed by $33 million. Contracts for 2009 covered a diverse range of areas such as computers and accessories, fuel, informatics professional services, food catering, training, contaminated site clean-up, property maintenance services, polar bear monitoring, transportation services, and various types of equipment. These infusions of long-term, stable funding guarantee continued investments in Canada through high-tech, high-value sustainable jobs in all regions, technological spinoffs and increased opportunities to undertake cutting-edge research.

Strategic Outcome:
Success in assigned missions in contributing to domestic and international peace, security and stability

Program Activity: Conduct Operations

This program activity represents the main use of the program output from generate and sustain forces, i.e. the employment of forces in operations, whether on a constant basis, selectively ongoing operations, or as required for named domestic or international operations. It consists of all the activities necessary to conduct: Constant Situational Awareness; Domestic and Continental Operations; and International Operations.

This activity is required to:

- Maintain and conduct Intelligence, surveillance and reconnaissance (ISR) operations;
- Maintain ISR support;
- Employ forces to conduct contingency operations in response to domestic or continental requirements;
- Employ High-Readiness forces to conduct operations in response to domestic and continental requirements;
- Provide ongoing specified services in accordance with Government of Canada and other government department agreements and demand from other levels of government;
- Employ forces to conduct contingency operations in response to international requirements; and
- Employ High-Readiness forces to conduct operations in response to international requirements.

Performance Summary

Program Activity Results: Conduct Operations				
Expected Results	**Performance indicators**	**Targets**	**Performance Status**	**Performance Summary**
• Maintain and conduct intelligence, surveillance and reconnaissance (ISR) operations; • Maintain ISR support; • Employ forces to conduct contingency operations in response to domestic, continental, and international requirements; • Employ High-Readiness forces to conduct operations in response to domestic, continental, and international requirements; • Provide ongoing specified services in accordance with Government of Canada and other government department agreements and demand from other levels of government	Average reaction time (from tasking of CF SAR aircraft to launch) for Search and Rescue (SAR) requests	100% of missions launched within established time standards	Reaction time mostly met**	Actual 96.8% launched within established thresholds*
	Relative number of people deployed on operational missions in the past year	None established	Personnel deployed at least 210 days: 7,632	
			Actual personnel deployed (domestic and international operations) on 31 Mar 10: 5,171	
			Total personnel deployed (domestic and international operations): 20,164	

Notes: * Record is for calendar year 2009, not fiscal year 2009-10.
** Reaction time is only one of many different factors in a SAR mission. As such, it does not represent overall success of the SAR program.

Financial Resources Summary

Financial Resources: Conduct Operations					
($ thousands)	2008-09 Actual Spending	2009-10			
		Main Estimates	Planned Spending	Total Authorities	Actual Spending
Capital Spending	417,488	437,523	445,223	403,091	438,247
Departmental Spending	3,008,015	2,670,678	3,702,818	3,872,404	3,914,475

Source: Assistant Deputy Minister (Finance and Corporate Services) Group

Human Resources Summary

Human Resources (Full-Time Equivalent - FTE): Conduct Operations			
	Planned	Actual	Difference
Military	11,868	11,834	(34)
Civilian	940	1,549	609
Total	**12,808**	**13,383**	**575**

Source: Vice-Chief of the Defence Staff Group, Chief Military Personnel Group, Assistant Deputy Minister (Human Resources-Civilian) Group

Performance Analysis:

Canada is one of the most challenging countries in the world in which to conduct Search and Rescue (SAR) operations[12]. With the world's second-largest land mass surrounded by the longest coastline, the area to be covered is immense, at approximately 18 million km^2. There were 9,358 SAR missions conducted by federal authorities in 2009, of which 1,131 required CF resources to be launched. The remaining SAR missions were executed by SAR resources from other departments/agencies, and 96.8 per cent of the CF missions were launched within the required launch window. Delays for the other missions were attributable to one of five factors: mechanical/technical difficulties; fuelling; weather; coordination; and personnel/equipment reasons.

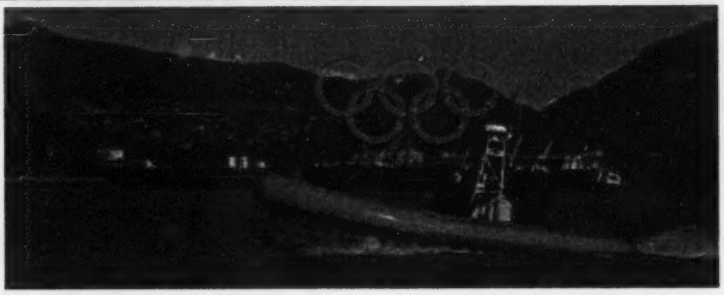
Domestic and Continental Operations

Defence must be prepared to meet both international and domestic challenges. Defence fully participates in planning, exercises and training with other government departments, such as the Department of Foreign Affairs and International Trade (DFAIT), Public Safety Canada (PS), the Royal Canadian Mounted Police (RCMP), the Canadian Security intelligence Services (CSIS), and the Public Health Agency of Canada (PHAC) on operations such as the 2010 Vancouver Olympics/Paralympics Op PODIUM.

Defence meets regularly with the North American Aerospace Defence Command (NORAD) and the United States Northern Command (NORTHCOM) at the working and senior staff levels and at the command level. Defence is fully engaged with these organizations to ensure full participation in all planned NORAD and USNORTHCOM exercises.

Vancouver 2010

During Op PODIUM, Defence participated fully in planning and exercises with other government departments, and provided training and command and control expertise to our security partners as part of a whole-of-government effort, all while conducting joint patrols with a variety of CF assets. This whole-of-government approach was a necessary requirement to ensure that the required effect was available when needed. This covers not only response to, but also prevention, deterrence and pre-emption of any threat to security. Defence maintains an ongoing dialogue with all relevant government departments and other mission partners in developing plans and protocols for the preparation and execution of any national event requiring CF support.



Maritime Component Command members conduct a security patrol aboard a Zodiac (foreground) during Operation PODIUM for the Vancouver 2010 Integrated Security Unit.

Photo: Sergeant Paz Quillé, Canadian Forces Combat Camera

Defence Team members can be proud of their contributions to the Olympics, which included:

- supporting the RCMP in pre-Olympic security exercises, which confirmed that federal, provincial, regional, and municipal organizations were prepared for any emergency that may occur during the Games;
- providing enhanced NORAD support to the RCMP through aerospace warning and control;
- transporting the Olympic Flame and its delegation by Polaris CC-150 aircraft (Airbus 310) from Athens, Greece, to Victoria, and serving, with their families, as runners in the Olympic Torch Relay;
- deploying 4,500 sailors, soldiers, airmen and airwomen with the Joint Task Force Games support element;
- providing air support including movement of personnel and equipment, medical evacuation, and air support for patrols and area surveillance;
- providing maritime support in the form of integrated maritime surveillance patrols, waterborne security operations and underwater sweeps of Olympic venues;
- providing land support teams to serve as "eyes and ears" for the RCMP in the backcountry of Whistler and Cypress Mountain;
- providing IM/IT support including deployment of unprecedented Joint Tactical Data Link capability providing other government departments and decision-makers with detailed common operating picture of all aircraft, surface vessels and radar operating in the Op PODIUM area of operations; and
- mobilizing a wide range of science and technology expertise a number of areas, including Chemical, Biological, Radiological, Nuclear and Explosives (CBRNE) (for more information, see the Research and Development section).

Supporting a major international event in Canada, such as the Vancouver 2010 Olympics is one of the six core missions in the CFDS. Our contributions to the Games illustrated the Defence Team's ability in

terms of readiness, training and capabilities to participate in a major national event while responding concurrently to a massive humanitarian crisis in Haiti and continuing to conduct essential day-to-day missions at home and overseas.

Defence maintains an ongoing dialogue with all relevant government departments and other mission partners in developing plans and protocols for the preparation and execution of any national event requiring CF support. Members of the Defence team were ready, trained and capable of participating in this major national event, and at the same time able to effectively respond to the massive humanitarian crisis in Haiti.

Arctic Sovereignty

Conducting daily domestic and continental operations, including in the Arctic, is also one of the six core missions of the CF under the *Canada First* Defence Strategy. During the reporting period, Defence continued to advance the CFDS and the sovereignty pillar of the Government of Canada's Northern Strategy by providing surveillance and presence in Canada's North, as well as supporting other government departments and agencies in fulfilling their northern mandates.

Kamotics stand ready for their deployment from Fort Eureka on Saturday, April 4th during Operation Nunalivut 2009. Kamotics are an integral part of Canadian Ranger patrols. They allow Rangers to carry approximately 1200 lbs; enough equipment, food and fuel required for 72 hours of patrol over rough terrain in the arctic tundra.

Photo: Sat Errol Morel. CFLAWC

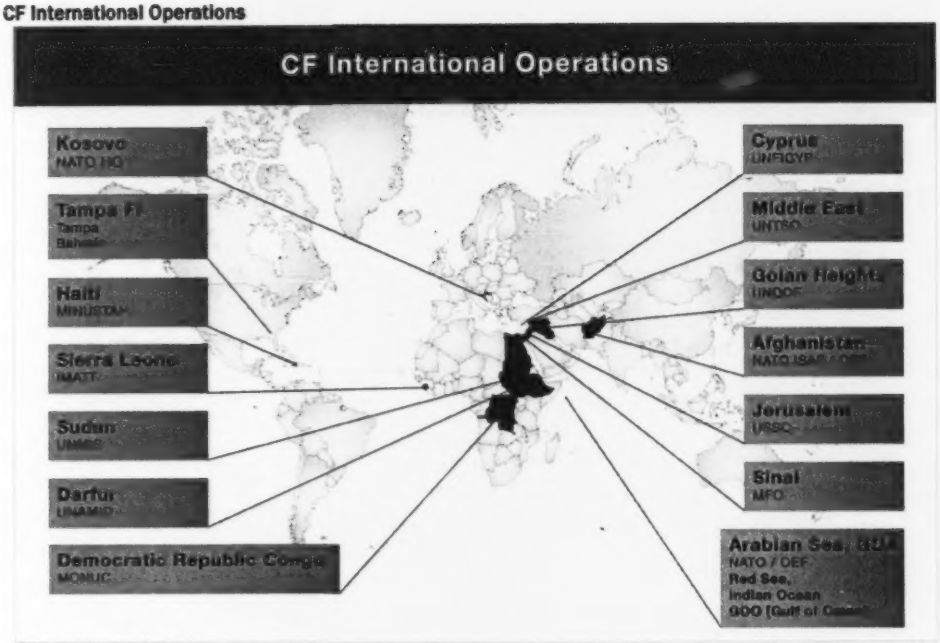
The CF demonstrated a visible Government of Canada presence in the North by conducting several exercises in the region, including Operation NANOOK, Operation NUNAKPUT and Operation NUNALIVUT. These annual exercises were completed with the full involvement of the Canadian Rangers, which are formed principally from the indigenous peoples of the region. All Defence activities in the North were executed in full compliance with the Environmental Stewardship Framework, which ensures the protection of this sensitive area.

Defence continued to leverage the investments of other government departments and agencies, the territories and the private sector, while also supporting our federal partners in fulfilling their northern mandates. For example, Defence established a relationship with Natural Resources Canada (NRCAN) to collaborate on the expansion of the Polar Continental Shelf Project (PCSP) facility in Resolute Bay, Nunavut, for use by the CF as an Arctic Training Centre. Defence is also collaborating with NRCAN by providing science and technology expertise to mapping the Arctic continental shelf. Defence also provided support when requested by other government departments and agencies.

International Operations

The CF collaborates extensively with other government departments, particularly DFAIT, CIDA, and the RCMP to enhance international peace stability and security by providing qualified and trained personnel to approved operations and missions[13], such as Op ATHENA[14] in Afghanistan, Op PROTEUS[15] in the Middle East and Op CROCODILE[16] in the Democratic Republic of the Congo, among many others. In direct support of CIDA during Op HESTIA[17] in Haiti, the CF airlifted tonnes of humanitarian relief supplies donated by Canadian non-governmental organizations (NGOs), and approximately 2,950 civilian evacuees (Canadian nationals and family members of Haitian Canadians) were transported to Canada on CF aircraft.

Figure: CF International Operations



Source: Strategic Joint Staff

The CF work in Afghanistan, in cooperation with Allies and other government departments, national and international, continues on all fronts. In Kandahar province, the CF plays an instrumental role in the achievement of both the Government of Canada's policy priorities for Afghanistan, and the Government of Afghanistan's strategy with the North Atlantic Treaty Organization's (NATO) International Security Assistance Force[18] (ISAF) to provide stability to Afghans through a comprehensive counter-insurgency campaign of governance, development, and security efforts. The CF have been singled out repeatedly by top Afghan and NATO leadership for their innovative successes in protecting the population and in building the capacity of Afghan security forces.

At the national level in Afghanistan, Canadian military personnel occupy staff positions in ISAF Headquarters located in Kabul and in the recently established NATO Training Mission – Afghanistan (NTM-A). These positions are staffed at 100 per cent, and personnel are selected for international positions in NATO, the UN and in Defence Attaché and Liaison posts to meet the defence objectives of the Department and the Government of Canada. These positions are a top priority, and are subject to yearly reviews to ensure that the strategic goals for Defence, and Canada, continue to be realized. The Minister of National Defence recently directed an increase to Canada's contribution to NTM(A). Beginning in the summer of 2010, Canada's NTM-A contingent will increase by several dozen trainers and staff officers focussed on the training and professionalization of Afghanistan's army and police forces. Canada's commitment of military advisors to the United Nations Assistance Mission to Afghanistan (UNAMA) ended in July 2009.

For specific development and governance/institution initiatives, the CF works collaboratively with CIDA and DFAIT, the lead agencies. Perhaps most importantly, the CF have been indispensible in providing their Government of Canada civilian partners from these and other departments with secure life support, transportation, intelligence, communications, and logistics to enable them to focus on their

mission. For security and reconstruction (Civil Military Operations) metrics, classified reports were made available and presented to headquarters and to governmental interdepartmental meetings as required. The number of personnel in theatre is approximately 2,832, with a modest increase in capabilities from the force that was in place the previous year. All approved deployed positions are fully staffed with qualified and trained personnel from all services of the CF. The manning of Task Force Afghanistan will continue to be a top operational priority in order to produce maximum effects for the Government of Canada.

Defence Intelligence

The CF's Defence Intelligence capabilities continued to provide reliable, credible and timely services to Defence through the force generation of personnel and organizations, the production of all-source intelligence products and geospatial data, and the provision of meteorological analysis both here in Canada and abroad.

Defence Intelligence also worked closely with other government departments to improve information sharing and cooperation in the defence and security of Canada, as well as with Allies in support of mutual defence security issues.

Lessons Learned:

Continuous improvement to the effectiveness of the whole-of-government approach is facilitated through the cooperative practice of departments and agencies partnering to identify interdepartmental deficiencies and best practices resulting from operations. Defence involvement in whole-of-government operations in Afghanistan (Op ATHENA), the 2010 Vancouver Olympic/Paralympic Games (Op PODIUM) and Haiti (Op HESTIA) as well as planning for the 2010 G8/G20 Summits (Op CADENCE) provided the opportunity to improve dialogue with security partners and to advance the lessons learned process.

Captain Philippe Goulet, a member of the Operational Mentor and Liaison Team (OMLT), discusses a construction project with an Afghan contractor in Kandahar, Afghanistan.

Photo: Sergeant Paz Quillé, Canadian Forces Combat Camera

This common approach was released in 2008 and provided guidance, ensuring a common approach while allowing implementation flexibility. Adapting the principles of Defence's process to meet the needs of a whole-of-government environment is an on-going and collaborative effort supporting a common Government of Canada approach. Working with our domestic and international security and humanitarian partners, and demonstrating whole-of-government collaboration, are extremely important. During Op HESTIA in Haiti, for example, Defence partnered with DFAIT by deploying a total of 2,046 personnel, two frigates, one Sea King helicopter, six Griffon helicopters, and 300 military vehicles, and provided extensive and rapid long-range aviation support to the mission using six CC-130 Hercules aircrafts and one CC-177 Globemaster aircraft. We also provided medical staff attached to the Disaster Assistance Response Team (DART) and the CF field hospital.

The role played by Defence in coordinating and executing science and technology support to the Vancouver 2010 Olympics was ground-breaking and, as a consequence, Defence has been requested to develop a whole-of-government After Event Report (AER).

Benefits for Canadians:

The CF continued to ensure both the safety and security of all Canadians through ongoing activities such as search and rescue operations, sovereignty patrols in the Arctic and the provision of resources in support of other government departments. Through ongoing dialogue with the RCMP as the lead for domestic security and other relevant government departments and mission partners, including NORAD and USNORTHCOM, Defence developed and executed plans and protocols for the 2010 Vancouver Olympics/Paralympics and planned for the security aspects of the G8/G20 in June 2010. The CF remained committed to supporting Public Safety Canada, Health Canada, the RCMP, Natural Resources Canada, the Canadian Coast Guard and other departments and agencies by continuing to develop plans and protocols for the preparation and execution of national events as well as any response to natural disasters which might require CF support.

Captain Dez Desjardins, Urban Search and Rescue (USAR), searches for a missing Canadian in the ruins of a house in Port-au-Prince, Haiti.

Photo: Corporal Pierre Thériault, Canadian Forces Combat Camera

Internationally, the CF worked extensively with other government departments to enhance international peace, stability and security by providing qualified and trained personnel to each of Canada's approved international operations. The international humanitarian mission in Haiti (OP HESTIA) benefited not only Haitian communities in Canada, but also Canadians living and working in Haiti when the earthquake struck. The ongoing NATO operation in Afghanistan (OP ATHENA) has the important benefit of providing Canadians with a safe and secure international community.

Strategic Outcome:
Good governance, Canadian identity and influence in the global community

Program Activity: Contribute to Canadian Government, Society and the International Community in Accordance with Canadian Interests and Values

This program activity consists of Defence advice to the Government of Canada, contributions to Canadian Government; and contributions to the International Community, all in accordance with Canadian interests and values.

This activity is required to:

- Provide defence and security policy advice to the Government of Canada;
- Provide military advice to the Government of Canada;
- Provide support to Government of Canada programs;
- Contribute to Canadian economy and innovation;
- Contribute to Canadian identity;
- Contribute to youth and education;
- Meet commitments to international organizations and exchange programs; and
- Provide advisory and training support to other nations.

Performance Summary

Program Activity Results:	Contribute to Canada and the International Community			
Expected Results	Performance indicators	Targets	Performance Status	Performance Summary
• Provide military advice to the Government of Canada; • Provide support to Government of Canada programs; • Contribute to Canadian economy and innovation; • Contribute to Canadian identity; • Contribute to youth and education; • Meet commitments to international organizations and exchange programs; • Provide advisory and training support to other nations	CF Cadets : number of youth involved with the Cadet Program	1.7 per cent of Canadian Youth aged 12 to 18 *Threshold: 90% of target*	Exceeded	Actual: Achieved 1.82 per cent
	Number of military personnel who have participated in Military Training and Cooperation Program (MTCP) activities over past twelve months	1000 *Threshold: 95% of target*	Met	Actual: 954

Financial Resource Summary

Financial Resources:	Contribute to Canada and the International Community				
($ thousands)	2008-09 Actual Spending	2009-10			
		Main Estimates	Planned Spending	Total Authorities	Actual Spending
Capital Spending	12,241	26,663	26,190	18,211	18,266
Departmental Spending	982,999	1,005,256	1,037,130	1,090,230	1,045,071

Source: Assistant Deputy Minister (Finance and Corporate Services) Group

Human Resource Summary

Human Resources (Full-Time Equivalent - FTE):	Contribute to Canada and the International Community		
	Planned	Actual	Difference
Military	1,903	1,898	(5)
Civilian	1,556	1,041	(515)
Total	**3,459**	**2,939**	**(520)**

Source: Vice-Chief of the Defence Staff Group, Chief Military Personnel Group, Assistant Deputy Minister (Human Resources-Civilian) Group

Performance Analysis:

Industrial Co-operation and Benefits

Defence has worked with external partners to support the Government's Advantage Canada plan through activities including the Soldier Systems Technology Roadmap[19] and the development of Project ACCORD. The Soldier Systems Technology Roadmap project is a unique industry-government collaboration to develop a comprehensive technology plan to support Canada's soldier modernization efforts. Project ACCORD, currently in phase one, will create a Canadian independent and cooperative mechanism that will provide the Department of National Defence and the CF with access to vital, valued and validated advice to address critical defence capability issues.

Sustainable Development

The federal Environment and Sustainable Development (SD) agenda is undergoing a major update in terms of scope and profile. In the meantime, Defence continues to manage its major initiatives in a proactive and timely manner. The management of contaminated sites in Canada has been a key target in the Department's SD strategies since 1997. The current SD strategy includes a target of 7 per cent year over year reduction of liabilities for contaminated sites. In fact, Defence has consistently shown an annual decrease in liability of sites that are under remediation that exceeds the performance target of 7 per cent.

For example, Defence's activities spanning two World Wars, the Korean War and the Cold War included activities that resulted in the contamination of numerous sites from past releases of hydrocarbons, heavy metals and other chemicals from fuel storage and handling facilities, waste disposal sites, fire-fighter training, small arms ranges in training areas, equipment maintenance and other industrial activities.

Defence recognizes that its activities and operations have affected the environment and is committed to identifying and remediating or risk managing affected sites using funding from the Federal Contaminated Sites Action Plan (FCSAP) and the Corporate Environmental Program (CEP). That program currently has a funding envelope of approximately $15 million for each of the next five years. Major environmental remediation work is currently on-going at several sites including at Distant Early Warning (DEW) Line sites and 5 Wing Goose Bay in Labrador.

For fiscal year 2009-10, Defence is reporting environmental liabilities of $331 million and contingent liabilities of $203 million. Total in-year expenditures on assessment, remediation/risk management, and long-term monitoring activities for fiscal year 2009-10 were $85 million of which $69 million directly contributed to reducing liabilities.

NATO Programs

Canada, a founding member of NATO, continues to be committed to the Alliance. In line with Canadian foreign policy, we have continued to provide forces and support to Alliance operations and activities in the promotion of security, defence and peace. For example, Canada has provided military forces to NATO operations in Afghanistan and the Indian Ocean. We have also continued to meet our financial obligations to NATO common-funded budgets (NATO contributions made by Canada in fiscal year 2009-10 totalled just over $194 million).

Contribute to youth – Cadets and Junior Rangers

The Canadian Cadet Program and Junior Canadian Rangers (JCR) Programme participants were provided opportunities to learn, grow, and experience skills and activities that are rarely offered anywhere else. These programs continued to foster the attributes of good citizenship, leadership, and promoted physical fitness in Canada's youth.

A guard of junior Ranger cadets welcome the Governor General and her family during a visit to Pond Inlet, Nunavut in May 2009.

Photo: Sergeant Serge Gouin, Rideau Hall, OSGG

The Cadet Program provided training for 49,460 cadets (ages 12 to 18) at 1,132 cadet units, and 18,224 cadets completed summer training at 24 Cadet Summer Training Centres.

The JCR Programme provided training to 3,514 young people (ages 12 to 18) in 122 communities across Canada, and 751 JCRs received enhanced training through summer training programs delivered via five enhanced training sessions.

Lessons Learned:

Working with external partners to develop science and technology has been critical to building a state-of-the-art military within a rapidly evolving defence and security environment. Important elements to maintaining this relationship are early engagement with external partners, better information sharing, and recognition by all sides that speed matters.

As the largest federal consumer of goods and services and one of the nation's largest landholders, Defence is aware of its significant impact on the Government's efforts to demonstrate leadership in sustainability matters to Canadians. Given the primacy of the Defence mandate to defend Canada and Canadian interests at home and abroad, Defence is striving to get the message out that environmental viability is a legitimate strategic objective to pursue. An ever-increasing emphasis on meaningful

performance indicators and awareness initiatives such as the annual Environment Week and Energy Awareness events, to name two, will encourage the Defence Team to realise that sustainable development is everyone's business.

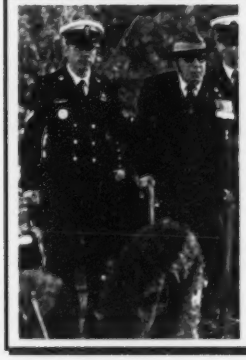
The management of contaminated sites is a significant component of the Department's SD strategies. Defence will continue to use its SD strategy liability reduction target as its primary performance measure for contaminated sites. However, it recognizes that improvements can be made on contaminated site performance reporting processes, and plans to develop additional performance measures for contaminated sites. The management of such a large contaminated sites portfolio requires ongoing optimization of external FCSAP funding, improved coordination with internal project approval processes and Defence's capacity to deliver projects. An environmental investment plan affordability study was developed in order to help inform investment decisions. Continued progress on the management of the contaminated sites portfolio will require careful planning to ensure Defence addresses the worst sites first, as well as long-term commitments of financial and human resources to meet Government of Canada objectives.

In response to a decrease in cadet population over the past several years, the Cadet Program Growth Initiative was implemented. This effort will guide efforts over the next six years in retaining and attracting more cadets as well as raising the program's profile publicly.

Benefits for Canadians:

Defence and security industries play an important role in the Canadian economy and they are also a critical part of the Canadian innovation system. Joint investment and joint development yield joint benefits. Canadian industry is positioned for success while Defence gets top-notch equipment and support based on cutting-edge technology. This gives the CF an advantage along the full spectrum of their activities – from training, to humanitarian assistance, to combat.

Defence's very aggressive environmental remediation program ensures the safe enjoyment of Canada's natural heritage for many years to come. More important however, this effort demonstrates the commitment to putting the health and safety of Canadians and the stewardship of our natural heritage first.



Master Seaman Kenneth Mick escorts a member of the Royal Canadian Legion to the cenotaph during a Remembrance Day ceremony at the Esquimalt War Memorial in the Township of Esquimalt.

Photo: Pte Michael Bastien, Imaging Services, CFB Esquimalt, Victoria, BC

Canada has military and civilian personnel working side-by-side with colleagues at NATO, providing the Canadian Government with greater visibility on issues.

The Cadet and JCR Programs foster a sense of proud tradition and valuable life skills through the guidance and mentorship imparted to Canada's Youth as well as attributes of good citizenship, leadership, and promoting physical fitness.

Strategic Outcome: Internal Services

Program Activity: Internal Services

Internal Services[20] are related activities and resources that are administered to support the needs of programs and other corporate obligations of an organization. These groups are: Management and Oversight Services; Communications Services; Legal Services; Human Resources Management Services; Financial Management Services; Information Management Services; Information Technology Services; Real Property Services; Materiel Services; Acquisition Services; and Travel and Other Administrative Services. Internal Services include only those activities and resources that apply across an organization and not to those provided specifically to a program.

Financial Resource Summary

Financial Resources: Internal Services					
($ thousands)	2008-09 Actual Spending	2009-10			
		Main Estimates	Planned Spending	Total Authorities	Actual Spending
Capital Spending	104,411	103,563	103,563	92,826	84,910
Departmental Spending	2,350,563	1,390,245	1,387,247	1,491,221	1,039,637

Source: Assistant Deputy Minister (Finance and Corporate Services) Group

Human Resource Summary

Human Resources (Full-Time Equivalent - FTE): Internal Services			
	Planned	Actual	Difference
Military	1,002	999	(3)
Civilian	3,704	3,544	(160)
Total	**4,706**	**4,543**	**(163)**

Source: Vice-Chief of the Defence Staff Group, Chief Military Personnel Group, Assistant Deputy Minister (Human Resources-Civilian) Group

Performance Analysis:

Management and Oversight Services

Preparation for Strategic Review

In preparation for the fourth round of the Government's Strategic Review[21](SR) Process, the Department created a joint civilian/military team to lead its review. This team provided a compilation of data previously unavailable to Defence. These components were then analyzed against TBS' SR questions and rated by a decision support tool. This process will allow Defence to provide the Government with one of the most comprehensive and rigorous reviews produced to date.

Building Excellence in Defence Management

Implement the Defence Investment Plan

Defence's Investment Plan (IP) was approved by Treasury Board in June 2009. A change-management process has been established to ensure that the plan remains affordable and sustainable while accommodating changes in costs and schedules.

Continue to Implement the MRRS

Defence successfully transitioned to a new Program Activity Architecture (PAA) during fiscal year 2009-10, while running both the new and the old PAAs in parallel to facilitate the transition. Although more work will be required to further ingrain the use of the updated PAA in all departmental processes, it has thus far provided a solid foundation for managing the Defence program of activities.

A comprehensive Performance Measurement Framework (PMF) was developed and is being used to inform decision-making within the Department. Although it will continue to evolve and improve over the coming years, its current state does provide a much clearer basis from which to assess Defence's health and performance.

Web of Rules

In fiscal year 2009-10, Defence's commitment to Web of Rules[22] focused on civilian staffing procedures, as the Department undertook measures to reduce the civilian staffing burden by 20 per cent. Efforts to advance Human Resources planning and strategic staffing resulted in a 20 per cent decrease in the total number of staffing processes and a 40 per cent increase in the number of appointments per process. This is the result of using pre-established pools rather than advertised processes (a 40 per cent increase in the use of such pools meant that 50 per cent of all hires were made from established qualified pools, translating into a 20 per cent improvement in the speed of staffing), promoting the use of applicant screening and assessment tools, and the implementation of a Fast Track Staffing solution which extensively uses collective work descriptions (50 per cent of classification requests were addressed through generic work descriptions).

In order to accelerate the delivery of Defence construction projects, the Deputy Minister approved the implementation of a streamlined approval process for capital construction submissions on May 4, 2009. Based on this decision, an abridged submission format was established and implemented for ministerial approval of construction submissions with a view to providing efficiencies in development and review. The objective was to reduce the processing time for construction project approvals while maintaining quality submissions and allowing greater effort to be focused on the high risk construction projects in the Department.

Governance

In July 2009, the Deputy Minister and the Chief of the Defence Staff directed the Defence Governance Renewal (DGR) initiative, which included a review of the governance structure. The intent is to establish a more effective and transparent structure, through the Defence Finance Committee (DFC) in its supporting role to the Deputy Minister as Departmental Accounting Officer; and through the Defence Executive Committee (DSX), providing strategic direction for a revitalized Defence Management Committee (DMC).

Internal Audit

Defence has successfully implemented the vast majority of the requirements of the 2006 Treasury Board Policy on Internal Audit. Although the internal audit (IA) function grew during fiscal year 2009-10, accommodation constraints did not enable the achievement of desired growth. Accommodation constraints, however, were satisfactorily resolved at the end of fiscal year 2009-10 and, as a result, internal audit capacity continues to increase.

Evaluation

During fiscal year 2009-10, the Department initiated implementation of the new Treasury Board Policy on Evaluation[23]. This policy will be phased in over a four-year period, with full implementation required by 1 April 2013.

Information Management and Information Technology (IM/IT) Services

Management of the Defence IM/IT Portfolio

Defence's IM/IT responsibilities are wide-ranging and complex, and Defence continues to address related challenges and issues. The Department prepared an IM/IT Campaign Plan that translates National Policies and Departmental Strategic Direction into tangible outputs that will be actioned over the next three years. This focuses on program alignment and delivering results. This approach ensures that the IM/IT portion of the Departmental Investment Plan will be executed in accordance with national policies and Defence priorities.

Consolidate the Departmental Approach to IM/IT

Information Management/Information Technology (IM/IT) must evolve to meet the Department's mission. Over the reporting period, Defence significantly improved capacity, capability and spending within the IT Program. This enabled Defence to support a whole-of-government approach to IM/IT Planning. An Enterprise Portfolio Management Office was established to provide oversight and performance monitoring of IM/IT projects on a monthly basis.

The Departmental IM/IT Campaign Plan is aligned to the CFDS and continued support to CF Operations at home and abroad. In that context:

- a departmental framework for prioritizing IM and IT services and requirements was developed;
- IM/IT Services continue to provide outstanding support to missions in Canada and abroad;
- IM/IT in-theatre capabilities have been enhanced to provide integrated command and control nationally with other government departments and internationally with our Allies;
- a departmental Enterprise resource planning strategy was established and financial and materiel support systems have been successfully integrated to improve accountability and resource stewardship;
- a departmental IT security strategy was developed and promulgated to set the conditions for a secure, reliable information environment while enhancing the capability to defend Defence networks; and
- significant progress was made on the development of a departmental IM Collaboration strategy, the goal of which is to facilitate information sharing across Defence environments and support departmental obligations regarding record keeping, access to information, and privacy. A departmental environmental scan of current collaboration and records management technology was completed and will inform the strategy going forward.

A key element in the consolidation of the departmental approach to IM/IT is the on-going effort to review and rationalize the departmental IM/IT service delivery. Rationalization efforts include the development of an Enterprise Shared Service approach with other government departments. In fiscal year 2009-10, Defence continued participation in the TBS Policy Framework Update Process relating to IM/IT and IT security frameworks. The TBS IM and IT framework was used to draft a new Defence IM and IT Policy Framework.

Financial Management (Enhance Financial Management)

Accrual Budgeting

Accrual budgeting was expanded into the Capital Construction Program during fiscal year 2009-10. A total of 17 additional infrastructure projects are now financed in this manner. The growth of the accrual budget in the infrastructure program is indicative of the Department's support and participation in the fiscal stimulus initiatives implemented in the 2009 and 2010 federal budgets. Detailed financial information on Defence's Accrual Budgeting can be found in *Section III: Supplementary Information - Other Items of Interest*.

Control Framework in support of Policy on Internal Control over Financial Reporting and Auditable Financial Statements (formerly Audited Financial Statements)

Defence continues to make progress in documenting the business processes that feed the financial systems and support the departmental financial statements. The scope of the project has changed to include the Policy on Internal Control over Financial Reporting that came into effect on 1 April 2009. Defence is on schedule to meet the requirements of this policy.

Implement Chief Financial Officer (CFO) Model

The Department formally implemented the Chief Financial Officer (CFO) Model on 14 May 2009, accompanied by a revised Senior Management Committee structure to enhance governance. Prior to implementation, studies were completed to revise Terms of Reference for existing Department governance committees and to clarify accountabilities within the Department for financial resource management. The new governance structure complies with Treasury Board Policy on Financial Management Governance[24], aligns existing Departmental governance committees, and addresses observations in the Office of the Auditor General Spring Report on Financial Management and Control with respect to financial management. A new committee, the Defence Finance Committee (DFC) chaired by the Deputy Minister, has a mandate to oversee financial management in the Department and is supported by the Chief Financial Officer and the Vice-Chief of the Defence Staff. Other specific achievements include:

- Enhanced in-year resource management processes and improved end year carry forward planning and outcomes;
- With the engagement of central agencies, obtained Treasury Board approval of a new Operating Budget Carry-forward regime greatly enhancing the ability to manage financial resources on an in-year basis and over time;
- Improved coordination of program planning and financial resource management; and
- Revised business planning processes to enable earlier business decisions and facilitate the confirmation of resource allocations prior to the start of the upcoming fiscal year.

Real Property Services

Management of the Defence Real Property Portfolio

Defence maintains one of the largest and most complex Real Property (RP) portfolios in the country, and has undertaken initiatives to address the challenges and issues related to it. A Real Property Strategy was initiated, with the vision of having the right assets, in the right place, at the right time and supported by the right workforce. Both an overarching Infrastructure and Environment Policy Framework and a Real Property Management Framework were initiated to ensure all real property policies and activities are integrated and conducted in accordance with Treasury Board requirements[25]. In 2008, the first National Portfolio Management Plan (NPMP) was endorsed, which included the adoption of a new portfolio management approach for real property ensuring sound investment decisions. The NPMP included ten major recommendations, nine of which are in various stages of completion. Based on the direction provided by the NPMP, a ten-year Capital Investment Plan for Infrastructure was approved that allows Defence to tell, for the first time in a decade, a single investment story.

Implementation of the Infrastructure and Environment Integrated Management Framework

Defence has established an Integrated Management Framework (IMF) to achieve the infrastructure and environment community end-state: making available an effective, efficient and sustainable real property portfolio on a national basis, which supports CF operations and departmental programs. The IMF consists of an updated Strategy Map, a campaign plan and a risk management matrix. The Infrastructure Environment (IE) Strategy Map describes the IE Strategic Outputs by the criteria of "Functional, Strategic and Corporate Leadership", and in terms of "Service Delivery and Operational Support"; it has been updated to better align IE strategic and operational objectives with Government and Defence priorities and Defence's new PAA.

The IE Campaign Plan is a five-year comprehensive change-management plan that enables Defence to align its change agenda activities in order to ensure the achievement of its end-state. The Campaign Plan depicts Defence's change agenda in terms of Lines of Operations (LOOs), categorized Leading, Shaping or Delivering IE capabilities, with decisive points for each LOO, as well as assigned responsibilities and a timetable for change activities. A Campaign Plan Performance Report is produced on a quarterly basis for senior management review. It includes progress towards meeting objectives such as modernizing IE governance, processes and systems; renewing the IE workforce; rationalizing and modernizing the IE real property portfolio; and improving IE support to CF operations and the Arctic. The IMF also includes the IE Risk Management Matrix, which identifies the probability and impact of 14 strategic and operational risks that could impede Defence's efforts to achieve the objectives identified in the Strategy Map and the Campaign Plan.

Legal Services

The Office of the Judge Advocate General (JAG) carries out a statutorily-based mandate, contained in the *National Defence Act*[26], to act as legal advisor to the Governor General, the Minister, the Department and the CF in matters relating to military law and to superintend the administration of military justice. Military law means all international and domestic law relating to the CF, including its governance, administration and activities. In fiscal year 2009-10, JAG demonstrated the ability to be an agile military team of operationally-focused, globally-deployable professionals. This contributed to a disciplined force and mission success.

A record number of legal officers deployed on international operations (in Afghanistan, international waters, Sudan, the Congo and Haiti) as well as domestic operations – most notably CF support during the Vancouver Olympics. The demand for legal advice during the planning and conduct of operations is but one expression of the emphasis that the CF places on the adherence to the rule of law. Legal officers were also active in the provision of legal advice and services within the military justice system both at the summary trial level and as counsel before Courts martial, the Court Martial Appeal Court of Canada and the Supreme Court of Canada.

The Office of the Department of National Defence/Canadian Forces Legal Advisor (DND/CF LA) is the Department of Justice Legal Services Unit dedicated to ensuring that Defence is provided with the full range of legal advisory, drafting and litigation services required by virtue of the *Department of Justice Act*[27] and s. 10.1 of the *National Defence Act*; the Department of Justice's strategic outcome requires that these legal services be effective and responsive.

In fiscal year 2009-10, DND/CF LA continued its engagement in the legal dimension of the Corporate Risk Profile; in particular, assisting Defence through the identification of legal risks, incorporation of mitigation strategies into the business planning process and developing a departmental legal risk portfolio of high-profile legal risk exposures and potential financial liabilities. In addition, it continued its coordination efforts with regional, headquarters and departmental legal services units of the Department of Justice, the Office of the JAG, the Legal Bureau at the Department of Foreign Affairs and International Trade and the Privy Council Office Legal Counsel to provide coordinated, seamless and integrated legal services to Defence clients.

Communications

In a year of high operational tempo, Public Affairs focused on supporting the Defence Priorities and CF operations, including:

- contributing to operational and mission success in Afghanistan;
- informing and communicating progress and milestones in the delivery of the CFDS;
- delivering on advertising and marketing initiatives to attract and recruit the best possible candidates, including:
    - the launch of an integrated marketing campaign to attract candidates to CF priority occupations;
    - the launch of a pilot project to bolster recruitment in the naval trades, carried out in support of the Op CONNECTION's 2009 Great Lakes Deployment[28]; and
- enabling dialogue with Canadians and with key stakeholders through the implementation of a National Stakeholder Relations Plan.

Public Affairs also helped tell the story of the important contribution of the CF during Op HESTIA, following the January 2010 earthquake in Haiti and provided media assistance during the Olympics/Paralympics as part of Op PODIUM.

In fiscal year 2009-10, Public Affairs continued to provide strategic direction and guidance to enhance the consistency and coherence of Defence-wide communications. This included a realignment of the Departmental website to reflect CFDS priorities and the various ways in which Canadians access information.

Lessons Learned:

IM/IT security vulnerabilities and risks are on the rise, and Defence operations may be put at risk in light of the increased dependence on IM/IT systems, complexity in the environment and evolving cyber threats. A departmental commitment to Cyber Threats/IT Security is required to both analyze and establish a way ahead in this critical area.

Departmental strategic assessments and business plans commented on the inability to provide stakeholders with the IM/IT support needed, reflecting the criticality of establishing common IM/IT services/standards. The current and projected departmental IM/IT funding baseline is largely tied to the sustainment agenda with little flexibility for transformational or innovative initiatives. An IM/IT prioritization framework must be developed and implemented to enable the Department to prioritise IM/IT investments, recapitalization, and sustaining activities so that trade-off decisions can be made to balance the funding baseline for sustainment and for transformational activities. The framework will also enable the Department, through the development of capability roadmaps such as the enterprise resource planning (ERP) roadmap, to identify divestment and disposal opportunities for re-investments into transformational activities. Departmental-level efforts to review and optimize resources in support of Strategic Review will also facilitate the Department's ability to identify opportunities for re-investment into transformational activities.

Complete visibility, rebalancing of resources, better alignment of IM/IT investments against top Defence requirements, and controlled spending are critical to success. An enhanced governance model supported by a revised policy suite, aligned with Defence and government direction, based on a model of collaboration and consultation with stakeholders, is being put into place.

The management of such a large real property portfolio requires consistent and effective communication with and amongst all stakeholders, as well as greater integration of plans and information for effective decision making. Establishing the high-level strategic instruments, such as the Real Property Strategy, Infrastructure and Environment Policy Framework, Real Property Management Framework, and National Portfolio Management Plan were critical to changing the direction of RP management from a reactive to a proactive undertaking and to demonstrating a commitment to achieving governmental objectives.

Defence maintains the largest portfolio of operational heritage real property. A heritage baseline study was conducted in order to determine this portfolio's sustainability and to help inform investment decisions. Yet even with these strategic changes, it is important to understand that improving the condition and suitability of our RP portfolio will require long-term commitments of financial and human resources.

Public Affairs seeks to foster an integrated marketing culture across the organization to ensure alignment of messages, graphics and products, with the goal of maximizing effect and minimizing duplication. The 2009 Great Lakes Deployment was a pilot project for integrated marketing in support of departmental priorities, promoting priority occupations and creating awareness. The integrated marketing approach resulted in coherent messaging, reduced duplication, unified brand image, focused efforts and measurable recruitment results.

As important infrastructure and Defence procurement projects were announced during the period, these initiatives were systematically posted on the Department of National Defence web site

(forces.gc.ca) to demonstrate the Defence contribution to the Canadian economy and local communities across Canada, as well as to showcase the modernization of the CF. Applying lessons learned from each announcement, Defence used its web capacity as a supporting tool to regular media relations, helping to ensure transparency on Defence spending and providing immediate information to Canadians in their increasingly preferred method of accessing it.

Benefits for Canadians:

By recommending improvements to the way the Defence does business, internal audit and evaluation indirectly provide benefits to Canadians, who want assurance that the Defence is operating effectively, efficiently and in compliance with policy, as well as that the Department is doing the right things.

A renewed commitment to optimizing the IM/IT Program will ensure the CF has the ability to make the right decisions in achieving the balance between sustainment and investment activities. Establishing an affordable and sustainable baseline of services will ensure that investment into new capabilities, which meet Defence and Government of Canada priorities, can occur. One such example is investment in the area of Cyber Security, where Defence will develop new ways to defend against threats, protect their vulnerabilities and share their knowledge with other government departments.

A long-term commitment to rationalizing and modernizing Defence's real property portfolio will ensure that the CF has the platform necessary to conduct operations to protect Canada and promote Canadian ideals. These steps will help achieve our goal of an effective, efficient, modern, and sustainable real property portfolio that best meets Defence requirements.

Tangible benefits are further realized in the both the Canadian IM/IT and real property industries when plans become projects and projects become employment opportunities.

SECTION III: SUPPLEMENTARY INFORMATION

Financial Highlights

The financial information presented within this report is intended to serve as a general overview of National Defence's financial position and operations. The Department's financial statements can be found on National Defence's website at: http://www.vcds.forces.gc.ca/sites/page-eng.asp?page=5609.

Condensed Statement of Financial Position

Condensed Statement of Financial Position For the Period ending March 31, 2010			
($ thousands)	**Percentage Variance**	**2010**	**2009**
Total Assets	2%	**36,810,340**	**36,155,540**
Total Liabilities	-0.4%	50,891,136	51,118,741
Total Equity	-6%	(14,080,796)	(14,963,201)
TOTAL	2%	**36,810,340**	**36,155,540**

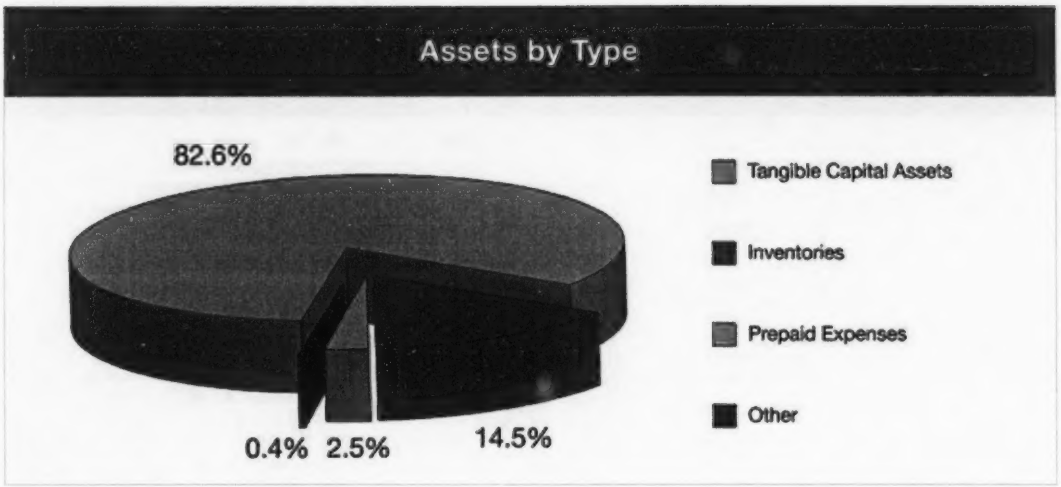
Source: Assistant Deputy Minister (Finance and Corporate Services) Group

Condensed Statement of Operations

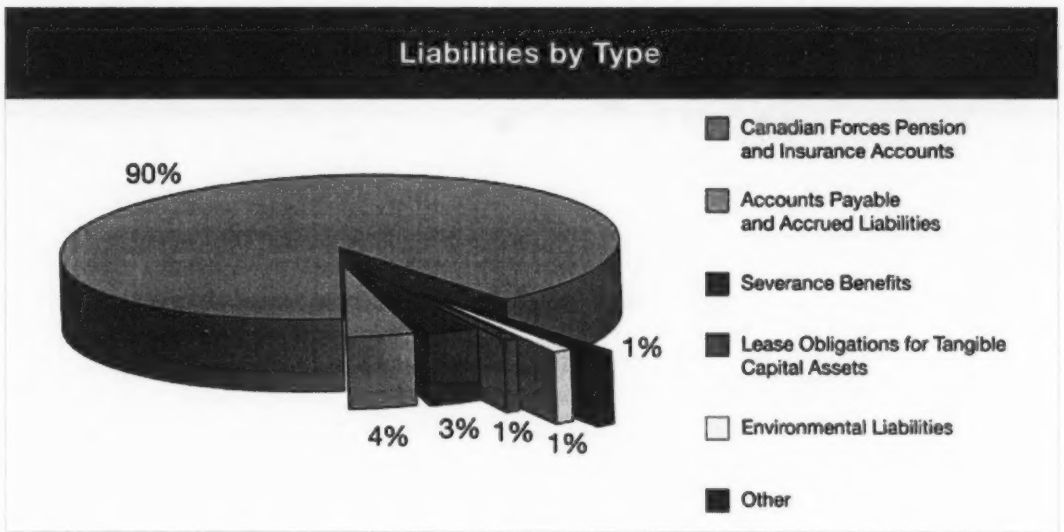
Condensed Statement of Operations For the Period ending March 31, 2010			
($ thousands)	**Percentage Variance**	**2010**	**2009**
Total Expenses	9%	20,139,319	18,501,793
Total Revenues	-4%	501,308	524,240
NET COST OF OPERATIONS	9%	**19,638,011**	**17,977,553**

Source: Assistant Deputy Minister (Finance and Corporate Services) Group

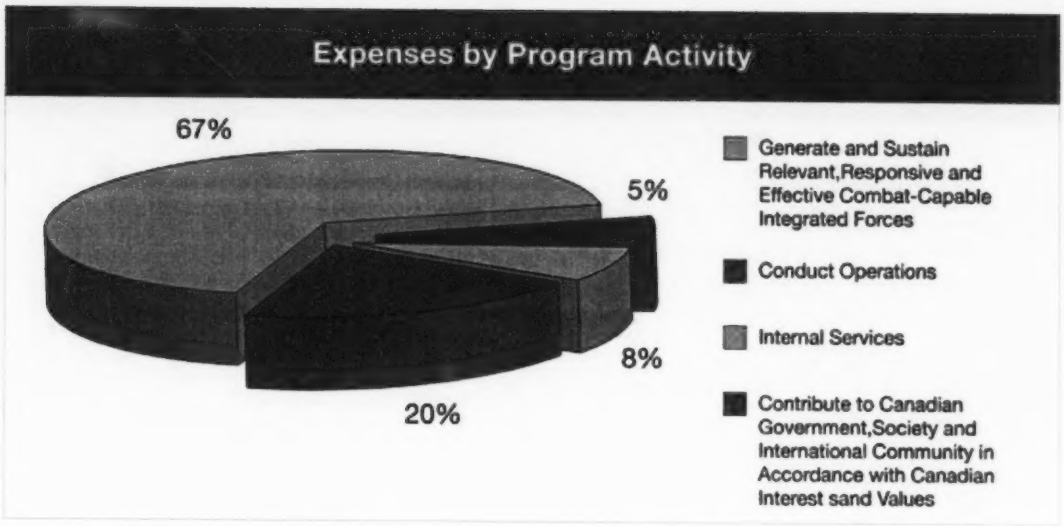
Financial Highlights Charts



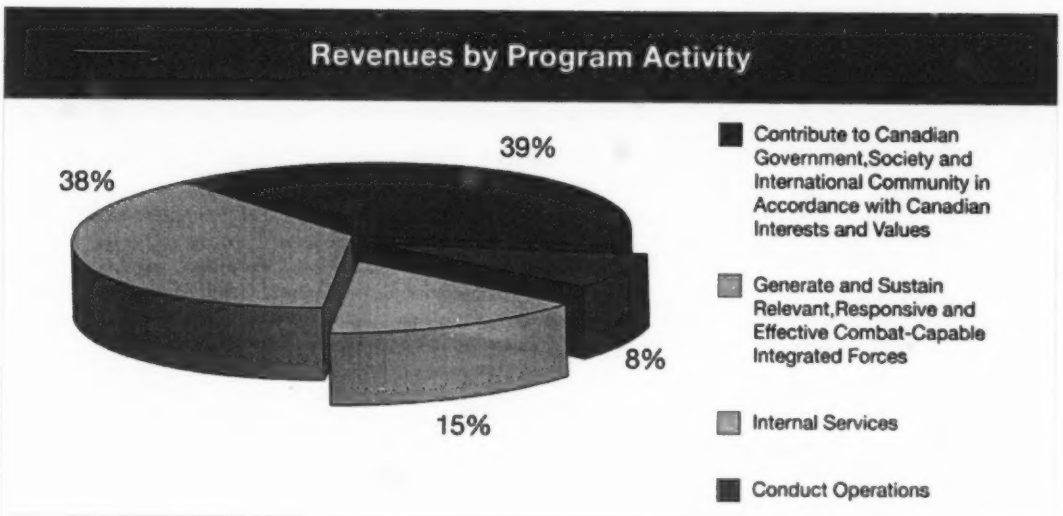
Total assets were $36.8 billion at the end of 2009-10, an increase of $0.7 billion (2 per cent) over the previous year's total assets of $36.2 billion. Tangible Capital Assets comprised 82.6 per cent of total assets at $30.4 billion. Inventories represented $5.4 billion (14.5 per cent) while Prepaid Expenses represented $0.9 billion (2.5 per cent) of total assets.



Total liabilities were $50.9 billion at the end of 2009-10, a decrease of $0.2 billion (-0.4 per cent) over the previous year's total liabilities of $51.1 billion. Canadian Forces Pension and Insurance Accounts represent the largest portion of liabilities at $45.9 billion or 90 per cent of total liabilities.



Total expenses for the Department of National Defence were $20.1 billion in 2009-10, an increase of $1.6 billion (9 per cent) over the previous year's total expenses of $18.5 billion. The majority of expenses, $13.4 billion or 67 per cent, were spent in support of the program activity undertaken to Generate and Sustain Relevant, Responsive and Effective Combat-Capable Integrated Forces.



The Department's total revenues amounted to $501.3 million for 2009-10, a decrease of $22.9 million (-4 per cent) over the previous year's total revenues of $524.2 million. The largest portions of revenues were derived from the following two program activities: $194.8 million (39 per cent) from the Contribute to Canadian Government, Society and International Community in Accordance with Canadian Interests and Values program activity, and another $191.4 million (38 per cent) from the Generate and Sustain Relevant, Responsive and Effective Combat-Capable Integrated Forces program activity.

Supplementary Information Tables

The following information is available on the Treasury Board Secretariat's website at: http://www.tbs-sct.gc.ca/dpr-rmr/2009-2010/inst/dnd/dnd00-eng.asp.

- Green Procurement
- Internal Audits and Evaluations
- Response to Parliamentary Committees and External Audits
- Sources of Respendable and Non-Respendable Revenue
- Status Report on Major Crown/Transformational Projects
- Status Report on Projects Operating with Specific Treasury Board Approval
- Summary of Transfer Payment Programs by Program Activity

Other Items of Interest

The following information can be found on the Defence website at: http://www.vcds.forces.gc.ca/sites/page-eng.asp?page=9152

- Accrual Budgeting
- Canadian Forces Bases and Wings co-located with civilian service centres across Canada
- Canadian Forces Installations across Canada
- Capital Construction Program (over $60M)
- Capital Spending by Program Activity
- Cost Estimates for CF Domestic and Continental Operations
- Cost Estimates for CF International Operations
- Defence Priorities Linkages to PAA Strategic Outcomes and Performance
- Defence Program Activity Architecture Listing
- Departmental Link to Government of Canada Outcome Areas
- Distribution of Actual Spending by Strategic Outcome
- Expenditure Management Review
- Key Partners and Stakeholders
- Legislative Environment
- Organization Chart
- Overview of Delivery Mechanisms
- Selected Defence Portfolio HR and Financial Resources
  - Communications Security Establishment Canada
  - Defence Research and Development Canada
  - National Search and Rescue Secretariat
  - Reserve Force
  - The Office of the Judge Advocate General
  - The Office of the Ombudsman for the Department of National Defence and the Canadian Forces
- Transfer Payment Programs (over $5M)
- Work Environment

ACRONYMS

C

CBRNE	Chemical, Biological, Radiological, Nuclear and/or Explosive
CDS	Chief of the Defence Staff
CF	Canadian Forces
CFB	Canadian Forces Base
CFDS	*Canada First* Defence Strategy
CF LA	Canadian Forces Legal Advisor
CFO	Chief Financial Officer
CIDA	Canadian International Development Agency
CIED	Counter- Improvised Explosive Device
CSIS	Canadian Security Intelligence Service

D

DLN	Defence Learning Network
DND	Department of National Defence
DPR	Departmental Performance Report

F

FTE	Full Time Equivalent
FCSAP	Federal Contaminated Sites Action Plan

G

G8	Group of Eight industrialized nations
G20	Group of Twenty industrialized nations

H

HRSDC	Human Resources and Skills Development Canada

I

IC	Industry Canada
IE	Infrastructure Environment
IED	Improvised Explosive Device
IM	Information Management
IMF	Integrated Management Framework
INAC	Indian and Northern Affairs Canada
IT	Information Technology
IP	Investment Plan
IPSC	Integrated Personnel Support Centres
IRB	Industrial Regional Benefit
ISAF	International Security Assistance Force
ISR	Intelligence, Surveillance, and Reconnaissance

J

JAG	Judge Advocate General
JCR	Junior Canadian Rangers
JPSU	Joint Personnel Support Unit
JSF	Joint Strike Fighter
JTF-Afg	Joint Task Force Afghanistan

L

LAV	Light Armoured Vehicle
LCC	Defence Learning and Career Centre
LPD	Learning and Professional Development

M

MAF	Management Accountability Framework
MRRS	Management, Resources and Results Structure
MSVS	Medium Support Vehicle System
MTCP	Military Training and Cooperation Program

N

NATO	North Atlantic Treaty Organization
NORAD	North American Aerospace Defence
NPMP	National Portfolio Management Plan
NSPS	National Shipbuilding Procurement Strategy
NTM-A	NATO Training Mission-Afghanistan

P

PAA	Program Activity Architecture
PHAC	Public Health Agency of Canada
PMF	Performance Measurement Framework
PS	Public Safety Canada
PWGSC	Public Works and Government Services Canada

R

R&D	Research and Development
RCMP	Royal Canadian Mounted Police
RP	Real Property
RPP	Report on Plans and Priorities

S

S&T	Science and Technology
SAR	Search and Rescue
SD	Sustainable Development
SR	Strategic Review

T

TBS	Treasury Board Secretariat

U

UN	United Nations
US	United States

V

VAC	Veterans Affairs Canada

CONTACT LISTING

Plans and Priorities and Departmental Performance Information	
Vice-Admiral A.B. Donaldson, CMM, CD Vice-Chief of the Defence Staff National Defence Headquarters 101 Colonel By Drive Ottawa, Ontario K1A 0K2	Telephone: (613) 992-6052 Facsimile: (613) 992-3945

Financial Information	
Mr. Kevin Lindsey Assistant Deputy Minister (Finance and Corporate Services) National Defence Headquarters 101 Colonel By Drive Ottawa, Ontario K1A 0K2	Telephone: (613) 992-5669 Facsimile: (613) 992-9693

General Inquiries	
Ms. Josée Touchette Assistant Deputy Minister (Public Affairs) National Defence Headquarters 101 Colonel By Drive Ottawa, Ontario K1A 0K2	Telephone: (613) 995-2534 Facsimile: (613) 992-4739 TTY/TDD: 1 800 467-9877 Email: information@forces.gc.ca

ENDNOTES

[1] The Department of National Defence (DND) and the Canadian Forces (CF) and the organizations and agencies that make up the full Defence portfolio are collectively referred to as Defence

[2] http://www.tbs-sct.gc.ca/rpp/2009-2010/index-eng.asp?acr=1393

[3] http://www.tbs-sct.gc.ca/pol/doc-eng.aspx?id=18218&section=text

[4] http://www.vcds-vcemd.forces.gc.ca/sites/page-eng.asp?page=5726

[5] http://www.tbs-sct.gc.ca/maf-crg/index-eng.asp

[6] http://www.tbs-sct.gc.ca/rpp/2010-2011/inst/dnd/dnd01-eng.asp#sec1d_e

[7] Notes on Full Time Equivalents:

- Unless otherwise indicated, Military FTEs (Full Time Equivalents) represent Vote 1 and Vote 5 Regular Forces and include Class "C" Primary Reserve Forces.
- Military FTEs are derived from a representative financial formula, as there is not a consistent 1:1 relationship between FTEs and program activities.
- Civilian workforce is planned through a Salary Wage Envelope (SWE).
- Please note that the military and civilian FTE numbers in this DPR are not consistent 1:1 with the FTE numbers used for the allocation of the financial resources approved for the 2009-10 Annual Reference Level Update (ARLU).
- Civilian workforce planned FTEs include forecasted growth projections and are subject to final budgetary approval.
- Civilian FTEs include National Defence and Defence portfolio organizations.
- Reprioritization of operational and/or management initiatives within the fiscal year may result in the reallocation of personnel to other program activities, as required.
- Due to the methodology used to derive the HR attribution across the PAA, the overall totals for the HR financial data will not be an exact match with the financial tables. Where discrepancies occur, the financial tables take precedence.

[8] The Military Training and Cooperation Program (MTCP) was previously designated the Military Training and Assistance Program (MTAP). The new designation, approved by the Treasury Board Secretariat on October 22, 2009, more accurately reflects the policy objective of developing reciprocal defence relationships with partners through the principle of cooperation.

[9] http://www.tbs-sct.gc.ca/pol/doc-eng.aspx?id=12025

[10] http://laws.justice.gc.ca/eng/E-4.56/index.html

[11] Occupations known as "Critical" in the Report on Plans and Priorities for 2008-09 are now referred to as "Occupations of Concern".

[12] http://www.forces.gc.ca/site/news-nouvelles/news-nouvelles-eng.asp?cat=03&id=3304

[13] http://www.comfec-cefcom.forces.gc.ca/pa-ap/ops/index-eng.asp

[14] http://www.comfec-cefcom.forces.gc.ca/pa-ap/ops/athena/index-eng.asp

[15] http://www.comfec-cefcom.forces.gc.ca/pa-ap/ops/proteus/index-eng.asp

[16] http://www.comfec-cefcom.forces.gc.ca/pa-ap/ops/crocodile/index-eng.asp

[17] http://www.comfec-cefcom.forces.gc.ca/pa-ap/ops/fs-fr/hestia-eng.asp

[18] http://www.isaf.nato.int/

[19] http://soldiersystems.collaboration.gc.ca/eic/site/sstrm-crtss.nsf/eng/home

[20] Commencing in the 2009-10 Estimates cycle, the resources for Program Activity: Internal Service is displayed separately from other program activities; they are no longer distributed among the remaining program activities, as was the case in previous Main Estimates. This has affected the comparability of spending and FTE information by Program Activity between fiscal years.

[21] http://www.tbs-sct.gc.ca/sr-es/index-eng.asp

[22] http://www.tbs-sct.gc.ca/reports-rapports/wr-lr/index-eng.asp

[23] http://www.tbs-sct.gc.ca/pol/doc-eng.aspx?section=text&id=15024

[24] http://www.tbs-sct.gc.ca/pol/doc-eng.aspx?section=text&id=14005

[25] http://www.tbs-sct.gc.ca/pol/doc-eng.aspx?id=12022

[26] http://laws.justice.gc.ca/eng/N-5/index.html

[27] http://laws.justice.gc.ca/eng/J-2/page-1.html

[28] http://www.forces.gc.ca/site/commun/ml-fe/article-eng.asp?id=5551